

Instructor: Kevin Christ, Moench Hall A-203d, 872-6226 (phone), 877-8909 (fax)
kevin.christ@rose-hulman.edu

Course Web Site: <http://www.rose-hulman.edu/~christ/history.htm>

Course Description:

This course surveys the history of economic thought by exploring secondary and original source literature from historical, methodological and rhetorical points of view. The required readings are extensive, and writing assignments are the major component of the grading criteria. The course is designed for students with a serious interest in economics. SV151, Principles of Economics, is a prerequisite.

As the course progresses, we will survey the development of economic thought from ancient speculations and pre-classical doctrines, through the great classical economics of the 18th and 19th centuries, to the mathematical formalism that came to dominate economic thought in the 20th century. Along the way we will consider dissenting views, such as Marxism and Institutionalism, and will consider these and other broad questions:

- How did the economic way of thinking, by which is meant the orthodox reductionist view of rational decision making, come to dominate our views about how society organizes itself?
- What analytical and rhetorical strategies have economists used to make their arguments?
- What claims can a social science such as economics make concerning the knowledge that it produces? Is social science knowledge equivalent to the knowledge generated by other sciences?
- What relationship, if any, exists between economics and ethics? Can economic science be value free?

The format of the class will consist of lectures, discussion days, in-class writing exercises, and focused reading groups. There will be four content quizzes, three in-class writing exercises, a research paper, and a group presentation. See the schedule on this syllabus for a tentative plan and consult the course web site for a detailed and updated schedule, as well as links to lecture outlines and some of the primary source readings.

Student Learning Outcomes

After completing this course, successful students should be able to:

- Describe the development of modern economic thought from the 18th century and analyze key concepts in historical and theoretical contexts.
- Explain the origin, content, and implications of some of the main ideas developed by major economists
- Comment critically on historical texts in economics.
- Apply critical thinking skills to the interpretation, analysis, and evaluation of economic arguments.
- Effectively communicate your knowledge and understanding of theories, concepts, and techniques of economic analysis.

Primary Course Texts:

See the attached reading list for a complete schedule of reading assignments, which includes original sources / historical texts and these primary texts:

Sandmo, Agnar, (2011), *Economics Evolving, A History of Economic Thought*, Princeton, University Press.

Backhouse, Roger E. (2010), *The Puzzle of Modern Economics*, Cambridge University Press.

Assignments and Grades:

Grades will be based upon the following criteria and weights:

In-class contributions (Attendance <u>and</u> active participation)	20%
Content quizzes over lecture material and primary texts	20%
Writing exercises on assigned topics	20%
Research paper	20%
Reading group contributions and presentation	20%

Policy Toward Attendance and Participation:

- 4 unexcused absences → forfeiture of attendance and participation credit (20%)
- 6 unexcused absences → additional 1-letter grade reduction
- 8 unexcused absences → failure of course

Research Paper

A complete description of the research paper assignment, including formatting guidelines and evaluation criteria, will be handed out during week 4 of the class. In general, students will submit a well-documented 10- to 12-page (2,500 to 3,000 words) research paper. Students should think of this paper as an exercise in the assimilation of ideas in intellectual history. The paper will be an extended study of a topic relevant to the history of economic thought, and will probably be an outgrowth of the student's active participation in one of the course's regular reading groups (see below). It should present, develop, and defend a clear thesis. The nature of the research in support of the thesis will necessarily be historical – a review and appraisal of primary and secondary sources.

Reading Groups

Each student will be assigned to two reading groups, which will meet for 25 minutes each on five Fridays from week 1 through week 8, to discuss outside readings, work on their own research papers, and to prepare presentations for Weeks 9 and 10.

Helpful Sources for Information on the History of Economic Thought and for Online Texts:

Further background information on the subjects and people we will be discussing, as well as many primary texts, are available online at a number of different sites devoted to the history of economic thought. Students are encouraged to consult these sources prior to lectures and class discussions.

History of Economic Thought Website at New School University: <http://homepage.newschool.edu/~het/>
This is the most comprehensive on-line source of information about the history of economic thought.

McMaster University Economic Thought Archive: <http://socserv.mcmaster.ca/econ/ugcm/3ll3/>
This archive contains a large number of significant texts in the history of economic thought.

The Online Library of Liberty: <http://oll.libertyfund.org/>
This archive also contains a large number of significant texts in the history of economic thought. It is maintained by the Indianapolis-based Liberty Fund, a private, educational foundation.

Philosophy on the EServer: <http://philosophy.eserver.org/texts.htm>
This archive contains a large number of philosophy texts relevant to discussions early in the term.

Course Outline / Reading List:

This is a weekly list of suggested original source readings in addition to the previously listed primary texts. Most will be available via course web site links, or by handout.

1. Introduction and Ancient Economic Thought – Sandmo, chapters 1 and 2 (to page 18); Backhouse, chapter 1

From the Hebrew Pentateuch: Genesis, chapter 41; Leviticus, chapter 25.

Plato, Selections from *The Republic*, Book 2, Francis MacDonald Cornford, translator, New York: Oxford University Press (1967).

Aristotle, Selections from *Nicomachean Ethics*, Book 5, chapters 3 – 5, and *Politics*, Book 1, chapters 3 – 10. *The Basic Works of Aristotle*, Richard McKeon, ed. New York: Random House (1941), 1007 – 1012 and 1130 – 1141.]

Thomas Aquinas, Selections from *Summa Theologica*. Dino Bigongiari, ed., *The Political Ideas of St. Thomas Aquinas*. New York: Hafner (1953), pp. 1 – 23.]

2. Pre-Classical Economics and Adam Smith – Sandmo, chapters 2 (pages 18+) and 3

Mandeville, Bernard, “The Grumbling Hive.” Selections also available in Robert Heilbroner, *Teachings from the Worldly Philosophy*. New York: Norton (1996), pp. 19 – 23.]

Mun, Thomas, Selections from *England’s Treasure by Forraign Trade*”, chapters 2 – 4. Selections available in Robert Heilbroner, *Teachings from the Worldly Philosophy*. New York: Norton (1996), pp. 24 – 28.]

Locke, John, Book II, Chapter 5, “Of Property”, from *Two Treatises on Government* (1691).

Quesnay, Francois, *Tableau Economique*, 3rd ed. (1974). Marguerite Kuczynski and Ronald L. Meek, *Quesnay's Tableau Economique*. London: Macmillan (1972).

Smith, Adam, Selections from *An Inquiry into the Nature and Causes of the Wealth of Nations*, especially Book 1, chapters 1 – 7. Harvard Classics edition, New York: Collier (1909), pp. 9 – 67.

3. Classical Economics and Marx – Sandmo, chapters 4 – 6

Ricardo, David, Selections from *The Principles of Political Economy and Taxation*, chapters 4 – 5. Everyman’s Library edition, Rutland, VT: Tuttle (1973) pp. 48 – 63.]

Mill, John Stuart, Selections from *Principles of Political Economy*. (1848, 1871, 7th ed.) Book III, Chapter 1, “Of Value”; Book III, Chapter 2, “Of Demand and Supply”; Book III, Chapter 14, “Of Excess of Supply”; Book IV, Chapter 6, “Of the Stationary State”. Also, chapter 1 from *On Liberty* (1859).

Marx, Karl, Selections from *Capital* (Volume I, 1867). Also of interest: *The Communist Manifesto* (1848). Reprinted in *Karl Marx: Selected Writings*, Lawrence H. Simon, ed. Indianapolis/Cambridge: Hackett (1994).

Engles, Frederick, *Socialism, Utopian and Scientific* (1880).

4. Marginalism, Neoclassicism, and Marshallian Economics – Sandmo, chapters 7 – 12

Jevons, William Stanley, “Preface” and “Introduction”, *The Theory of Political Economy* (1871).

Walras, Leon, *Elements of Pure Economics*, Lessons 1, 11, and 12.

Marshall, Alfred, “The Present Position of Economics (1885).” In A. C. Pigou (ed.), *Memorials of Alfred Marshall*. London: Macmillan & Co., 1925; selections from *Principles of Economics* (1890).

5. Alternative Views and the Systems Debate – Sandmo, chapters 13 and 14

Veblen, Thorstien, “The Limitations of Marginal Utility.” *The Journal of Political Economy* 17:9 (November 1909): 620-636.

Hayek, Friedrich, Chapter 2, “The Great Utopia”, from *The Road to Serfdom* (1944); “The Use of Knowledge in Society,” *American Economic Review* 35(4): 519 – 530 (1945).

6. Keynesianism and the birth of modern macroeconomics – Sandmo, chapter 15

Keynes, John Maynard, “The End of Laissez Faire” (1926). From *Essays in Persuasion*, Volume 9 of *The Collected Writings of John Maynard Keynes*. Cambridge: St. Martin’s Press (1972).

Keynes, John Maynard, selections from *The General Theory of Employment, Interest, and Money* (1936).

Samuelson, Paul A., Chapter 12, “Savings and Investment”, from *Economics, An Introductory Analysis*. New York: McGraw-Hill (1948).

7. Empirical economics and modern formalism – Sandmo, chapters 16 and 17; Backhouse, chapters 6 and 7

Samuelson, Paul A., Chapter 2, “Equilibrium Systems and Comparative Statics”, from *Foundations of Economic Analysis*. Cambridge: Harvard University Press (1947).

Arrow, Kenneth, selections from *Social Choice and Individual Values* (1951, 2nd ed. 1963).

Lucas, Robert E., “Econometric Policy Evaluation: A Critique.” Reprinted in *Studies in Business-Cycle Theory*. Cambridge, MA: The MIT Press (1991).

8. Recent trends and economic methodology – Sandmo, chapters 18 and 19; Backhouse, chapters 8 – 10

Friedman, Milton, selections from *Capitalism and Freedom* (1962).

Friedman, Milton, “The Methodology of Positive Economics.” [From Daniel M. Hausman, ed., *The Philosophy of Economics: An Anthology*, 2nd ed. Cambridge: Cambridge University Press (1994), 180 – 213.]

McCloskey, Donald, “The Rhetoric of Economics.” *Journal of Economic Literature* 21 (June 1983), 481-517.

Tentative Course Schedule:

Consult the course web site (<http://www.rose-hulman.edu/~christ/history.htm>) for a more detailed schedule that will reflect any modifications to this tentative schedule, and which will include links to lecture outlines and many of the original source readings. On this grid, days in are primarily lecture days with some discussion, while days in are discussion days devoted to original source readings. Days in are specific assignment or quiz days. Days in are designated for reading group discussions and presentations.

Week of ...	Monday	Tuesday	Thursday		Friday
March 5	Introduction Why study the history of ideas?	Ancient precursors Early social science	Ancient texts Bible, Aristotle, Aquinas		Reading groups – organizational
March 12	Precursors to classical economics	Adam Smith	Quiz 1	Mandeville, Mun, Quesnay, Smith	Reading groups
March 19	Classical economics: Ricardo, Malthus, Mill	Marx	Ricardo, Mill, Marx		In-class writing
March 26	Marginalism and Neoclassicism: Jevons, Walras, Clark	Marshallian and welfare economics	Quiz 2	Jevons, Walras, Marshall	Reading groups
April 9	Alternative Views: Institutionalism, Austrian	The “systems” debate	Veblen, Hayek		In-class writing
April 16	Keynes and Keynesianism	Early “modern” macroeconomics	Quiz 3	Keynes, Samuelson	Reading groups
April 23	Empirical advances	Formalism and general equilibrium; modern finance	Samuelson, Arrow, Lucas		In-class writing
April 30	Current trends Schools of thought	Philosophy of science and economic methodology	Quiz 4	Friedman, McCloskey	Reading groups
May 7	Reading group presentation	Reading group presentation	Reading group presentation		Reading group presentation
May 14	Reading group presentation	Reading group presentation	Reading group presentation		Reading group presentation

* Individual student conferences, for the purpose of discussing drafts of research papers, will be held on Wednesday, May 9.