

Economics 318
History of Economic Thought
Winter 2005

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Blackboard website

Office hours: Tues 2:00-4:30 and by appointment

ASSIGNED TEXTS:

Jürg Niehans, *A History of Economic Theory* (HET)

Adam Smith, *The Wealth of Nations*, Liberty Press edition (WN)

Tucker, ed. *The Marx-Engels Reader* (ME)

Bucholz, *New Ideas from Dead Economists*

Readings packet available at the department office

Readings marked with an asterisk(*) are **required** and are all included in the texts or the readings packet. Most of the course readings are in HET and the reading packet. The other references are optional additional reading, all of which should be available in the library. Some of the optional readings are located in Backhouse, *The Ordinary Business of Life* (TOBL), which was the assigned text last year for this course.

NOTE: You should also ensure that you have access to intermediate micro and macro texts, as you may feel the need to brush up on the theory that we will be discussing.

EVALUATION:

I. In-class group work and participation. Discussion and participation are essential in the study of economic thought. You should come to class prepared to discuss the readings and how they have shaped our modern understanding and use of economic theory. Almost every day in class we'll have questions that you will discuss in small groups, and then come back together as a class to share the discussions.

II. Midterm exam. You will have a midterm exam in class on **Thursday 3 February**. The exam will cover all of the assigned reading from the first part of the course, focusing on the analyses we perform in class.

III. Final exam. Our final exam slot is on **Monday 14 March**, 7:00 PM-9:00 PM.

Grading breakdown: group work and participation 30%

midterm exam 35%

final exam 35%

I. The nature of criticism and the progression of ideas

*HET, Chapters 1 and 2

*Bucholz, Chapter 1

II. Pre-classical political economy: Merchantilism, Hume, Cantillon, Physiocrats

*HET, Chapters 3, 4, 5, and 6

*Ekelund & Hebert (EH), Chapter 3

*D. Hume, *Essays Moral, Political, and Literary*, “Of the Balance of Trade” and “Of the Jealousy of Trade”:

<http://www.econlib.org/library/LFBooks/Hume/hmMPL28.html#Part%20II,%20Essay%20V,%20OF%20THE%20BALANCE%20OF%20TRADE>

<http://www.econlib.org/library/LFBooks/Hume/hmMPL29.html#Part%20II,%20Essay%20VI,%20OF%20THE%20JEALOUSY%20OF%20TRADE>

*Bio of Cantillon: <http://cepa.newschool.edu/het/profiles/cantillon.htm>

*Text of *Essai sur la Nature du Commerce*, in English:

<http://socserv2.socsci.mcmaster.ca/~econ/ugcm/3ll3/cantillon/essay1.txt>

<http://socserv2.socsci.mcmaster.ca/~econ/ugcm/3ll3/cantillon/essay2.txt>

<http://socserv2.socsci.mcmaster.ca/~econ/ugcm/3ll3/cantillon/essay3.txt>

*Bio of Quesnay: <http://cepa.newschool.edu/het/profiles/quesnay.htm>

*Facsimile of the *Tableau Economique*: <http://www.taieb.net/auteurs/Quesnay/t1759m.html>

*Text of the *Tableau Economique*, in French: <http://www.taieb.net/auteurs/Quesnay/t1758.html>

-EH, Chapter 4

-TOBL, Chapters 3, 4, 5

-Vaggi & Groenewegen, *Concise Theory of Economic History*, (Palgrave, 2003) Chapters 7, 8

-Bernard Mandeville, *Fable of the Bees*

-David Hume, *Writings on Economics*

-Jacob Viner, "English Theories of Foreign Trade before Adam Smith," in *Studies in the Theory of International Trade* (1937)

-Kuczyinski and Meek, eds. *Quesnay's Tableau Economique* (1972)

-Meek, ed. *Turgot on Progress, Sociology and Economics* (1973)

-Robert L. Meek, *The Economics of Physiocracy* (1962)

-Antoin Murphy, *Cantillon: Entrepreneur and Economist* (1986)

III. Classical economists: Smith, Malthus, Ricardo, J. S. Mill

*HET, Chapters 7, 9, 11, 12

*Ekelund & Hebert (EH), Chapters 5, 7, 8 (in packet)

*Adam Smith, *Theory of Moral Sentiments*, selections (Part I, Section I, Chapter I; Part I, Section III, Chapter III; Part II, Section II, Chapters I, II, III; Part IV, Chapters I, II; Part VI, Section II, Chapter I; Part VII, Section I) (in packet)

*Smith, WON, assigned readings (see attached list)

*Coase, “Adam Smith’s View of Man” (in packet)

- *David Ricardo, *Principles of Political Economy and Taxation*, Chapters 2, 3, 7 (in packet)
- *Bucholz, Chapters 2, 3, 4, 5
- Thomas Malthus, *Essay on the Principle of Population*
- John Stuart Mill, *Principles of Political Economy*
- Sraffa, ed. *The Works and Correspondence of David Ricardo* (1951-55). Sraffa's introduction is particularly of interest to historians of thought.
- E. G. West, *Adam Smith and Modern Economics*
- History of Political Economy*, Winter 1976: entire issue on Smith
- Euzent and Martin, "Classical Roots of the Emerging ..." *History of Political Economy* 16 (1984)
- G. Anderson, "The Butcher, The Baker, ..." *History of Political Economy* 21 (1989)
- Niehans, *A History of Economic Theory*, Chapters 7, 8, 9, 10 and 11
- G. Stigler, "The Successes and Failures of Professor Smith," in *The Economist as Preacher, and Other Essays*
- G. Gilbert, "Economic Growth and the Poor in Malthus' *Essay on Population*," *History of Political Economy* 12 (1980): 83-96
- Mark Blaug, *Ricardian Economics* (1958)

IV. Marx's response to earlier Classical economists

- *HET, Chapter 12
- *ME, Marx, *Capital*, Vol. 1, assigned readings (see attached list)
- *Thomas Sowell, *Marxism* Chapter 7 (in packet)
- *Hardach, Karras and Fine, *A Short History of Socialist Economic Thought*, Chapter 2 (in packet)
- *Bucholz, Chapter 6
- Niehans, *A History of Economic Theory*, Chapter 12
- ME pp. 146-200, Marx, *The German Ideology*, Part 1
- Joan Robinson, *Essay on Marxian Economics* (1966)

V. Marginalist microeconomic theory: Jevons, Menger, Marshall, Walras, Edgeworth

- *HET Chapters 17, 19, 20, 18
- *EH Chapter 12, pp. 292-313 (in packet)
- *Jevons, *The Theory of Political Economy*, Chapter IV: Theory of Exchange (in packet)
- *R. Albon, "Alfred Marshall and the Consumers' Loss from the British Post Office Monopoly," *History of Political Economy* 21 (1989) (in packet)
- *Bucholz, Chapter 7
- TOBL, Chapters 8, 12
- Creedy, "Jevons's Complex Cases in the Theory of Exchange," *Journal of the History of Economic Thought*, 1992 (in packet)
- Vaggi & Groenewegen, *Concise Theory of Economic History*, Chapters 19, 21, 22
- Jevons, *Theory of Political Economy*
- Marshall, *Principles of Economics*
- Pigou, *Wealth and Welfare*
- Pigou, *The Economics of Welfare*

-Walras, *Elements of Pure Economics*

VI. Austrian economists and early-20th century responses to marginalism: Schumpeter, Hayek

*EH, Chapter 20 (in packet)

*HET Chapter 33 pp. 444-451

*Schumpeter, *Capitalism, Socialism and Democracy*, Chapters 7, 8 (in packet)

*F. von Hayek, "The Use of Knowledge in Society," and other readings reprinted in Nishiyama and Leube, *The Essence of Hayek* (in packet)

-Niehans, *A History of Economic Theory*, Chapters 19 and 33

-Carl Menger, *Principles of Economics*, Chapter 8 (Theory of Money)

-G. O'Driscoll, "Money: Menger's Evolutionary Theory," *History of Political Economy* 18 (1986)

-E. Böhm-Bawerk, *Karl Marx and the Close of His System*, pages 28-63

-E. Böhm-Bawerk, *The Positive Theory of Capital*

-E. Böhm-Bawerk, *Capital and Interest*

-G. Stigler, *Production and Distribution Theories*, Chapters 6-9 (1941)

-Schumpeter, *The Theory of Economic Development*

VII. Keynes and macroeconomics

*HET Chapter 27

*Keynes, *The General Theory of Employment, Interest and Money*, selections (in packet)

*J. R. Hicks, "Mr. Keynes and the 'Classics': A Suggested Interpretation," *Econometrica* 5 (1937): 147-159 (in packet)

*Bucholz, Chapter 9

-TOBL, Chapter 10

-J. R. Hicks, *Value and Capital* (1939)

-A. Leijonhufvud, *On Keynesian Economics and the Economics of Keynes* (1968)

-R. Lucas, "Methods and Problems in Business Cycle Theory," in *Studies in Business Cycle Theory* (1981)

READINGS FROM THE WEALTH OF NATIONS (Liberty Press Edition)

- Editor's introduction
- Author's introduction and plan of the work
- Book I
 - Chapters I, II, III in their entirety
 - Chapter IV, paragraphs 12-18
 - Chapter V, paragraphs 1-7, 17
 - Chapters VI, VII
 - Chapter VIII, paragraphs 1-22
 - Chapter X, Part II, paragraphs 1-5, 12, 27, 31, 43-61
- Book II
 - Introduction
- Book IV
 - Chapter II
 - Chapter IX, paragraphs 48-52
- Book V
 - Chapter I, Part ii, paragraphs 1-12 (pp. 708-715)
 - Chapter I, Part iii, paragraphs 1-2; Article I, paragraphs 1-14 (pp. 723-728)
 - Chapter I, Part iii, Article II, paragraphs 1-18 (pp. 758-765), 35-36 (p. 773), 46-57 (pp. 780-786), 61 (p. 788)
 - Chapter I, conclusion, paragraphs 1-6
 - Chapter II, Part ii, paragraphs 1-7 (pp. 825-828)

MARX: PAGES TO READ IN TUCKER

Capital, Volume I

- pp. 299-312
- pp. 319-364
- pp. 376-384
- pp. 431-434
- pp. 436-441

Marx on the history of his opinions, pp. 3-6

Date	Topic	Readings
1-4	Intro	HET Ch. 1, Ch. 2, Bucholz Ch. 1
1-6	Merchantilism, Hume	EH Ch. 3, Hume, HET Ch. 6 pp. 48-56
1-11	Cantillon, Physiocrats	HET Ch. 4, Ch. 5, Cantillon, Quesnay
1-13	Smith	HET Ch. 7, EH Ch. 5, Smith TOMS
1-18	Smith	WON – TBA
1-20	Smith	WON – TBA
1-25	Smith	WON – TBA, Coase
1-27	Ricardo	HET Ch. 9, EH Ch. 7, Ricardo Ch. 2
2-1	Ricardo	Ricardo Ch. 2, Ch. 3, Ch. 7
2-3	Midterm	
2-8	Mill	HET Ch. 11, EH Ch. 8
2-10	Marx	HET Ch. 12, HKF, Sowell, Marx TBA
2-15	Marx	HKF, Sowell, Marx TBA
2-17	Jevons, Menger	HET Ch. 17, Ch. 19, Jevons, EH Chap. 12 pp. 292-313
2-22	Marshall	HET Ch. 20, EH Ch. XX
2-24	Marshall, Walras, Edgeworth	Vaggi 22,21, Albon, HET Ch. 18
3-1	Schumpeter, Hayek	HET Ch. 33 pp. 444-451, Schumpeter, Hayek, EH 20
3-3	Keynes	HET Ch. 27, Keynes, Hicks

NOTE: Read Bucholz throughout, where relevant!

McMaster University Archive for the History of Economic Thought
<http://socserv2.socsci.mcmaster.ca/~econ/ugcm/3ll3/>