

VANDERBILT UNIVERSITY

Economics 262
History of Economic Thought

Fall 2000
Professor Maneschi

Happily, there is nothing in the laws of value which remains for the present or any future writer to clear up; the theory of the subject is complete.
John Stuart Mill, 1848

Class Hours (CL 219): MWF 9:10 – 10:00

Office Hours (CL 418): MWF 10:15 – 11:30 or by appointment

Office Phone: 322–2993 Home Phone: 383–0298

E-mail: andrea.maneschi@vanderbilt.edu

Textbooks:

Stanley L. Brue, *The Evolution of Economic Thought* (6th ed.), Dryden, 2000
Todd G. Buchholz, *New Ideas from Dead Economists* (rev. ed.), Plume, 1999
Robert L. Heilbroner (ed.), *The Essential Adam Smith*, Norton, 1986

Classpak: Contains required writings of some of the key economists studied in this course

This course traces the evolution of key economic ideas from the mercantilists, through the physiocrats, Adam Smith, David Ricardo and the classical economists, the precursors of neoclassical economics, the founders of the marginalist school (W. Stanley Jevons, Carl Menger, Léon Walras), Alfred Marshall, up to John Maynard Keynes, Joseph Schumpeter and W. Arthur Lewis. By observing how economic concepts were formulated, interpreted and altered by successive generations of economists, you should gain a better understanding of contemporary economic theory, and recognize that much of it derives from the past.

The economics you have learned in other courses has its roots in past economic thought. Reading directly from the writings of the founders of our subject will allow you to understand how this theory came to take its present shape, and who the chief innovators were. Early in the course we devote almost three weeks to read and discuss the parts of Adam Smith's *Wealth of Nations* (WN) excerpted in Heilbroner's book. Smith is widely regarded as the founding father of economics (or political economy), and the *Wealth of Nations* contains memorable phrases, such as the “invisible hand”, that have become part of everyday economic discourse.

The secondary literature is useful in order to gain a comprehensive understanding of the evolution of economic thought. Aside from the textbooks of Brue and Buchholz, you can gain

additional perspective by consulting works such as Joseph A. Schumpeter, *History of Economic Analysis*, 1954; Robert B. Ekelund, Jr. and Robert F. Hébert, *A History of Economic Theory and Method*, 1997 [E & H]; Charles E. Staley, *A History of Economic Thought: From Aristotle to Arrow*, Blackwell, 1989; Mark Blaug, *Economic Theory in Retrospect*, Fifth Ed., 1996; the two-volume *Elgar Companion to Classical Economics*, edited by Heinz Kurz and Neri Salvadori. For some philosophical insights into the history of economic and other social thought, see Scott Gordon, *The History and Philosophy of Social Science*, Routledge, 1991. These, and the books of the most important economists noted below, have been placed on reserve. The reference section of the Central Library contains the four-volume *The New Palgrave: A Dictionary of Economics* (1987), an invaluable resource for paper writing.

The course grade is based on two one-hour exams (15% of the grade each), a final exam (35%), a research paper (15%) and class participation (20%). Class participation is based on the response papers you are expected to hand in at regular intervals, as spelled out below, on the group presentation of your paper, and on your questions and comments in class. Regular attendance is essential for success in this course since the books assigned, while necessary, are not sufficient for an adequate understanding of the subject matter.

Paper assignments

You are asked to write ten short response papers (you may write more than ten if you wish), and a 5-page research paper. The research paper should be double-spaced, typed with a 12 or 13 pt font and 1 -inch margins. Its preliminary and final versions (only the final version is graded) are due one week apart. Plagiarism is a serious offence, and will be reported to the Honor Council.

Research paper: Select an important writing or writings (e.g. a book, one or more chapters from a book, one or more papers, etc.) of one of the economists listed on the next page. Set this writing in the context of previous economists' contributions to the topic in question, and of later economists' contributions. Explain why your chosen author's writing is important in the history of economic thought, and what light it throws on contemporary economic theory. How does it relate to the author's work as presented in our textbooks?

Preface your paper by listing the original writings you have read in preparation for it. Needless to say, the writing(s) in question should go well beyond any included in the Classpak or any extracts in Brue's textbook. Your paper should also show some awareness of the secondary literature on your topic. Coordinate your paper with other students researching the same author so that your papers do not overlap in any significant way. You will be asked to make a brief panel (or, in some cases, a solo) presentation of your findings in class. I would like to meet with each panel (or person) before you write your paper and make your class presentation, so that we can discuss your topic.

You can find the author's work either in the library (on reserve or in the stacks), or in the Archive of McMaster University at the website

<http://socserv2.socsci.mcmaster.ca/econ/ugcm/3ll3/index.html>

Check also the interesting website mentioned by Brue, <http://cepa.newschool.edu/het>

Response papers: Class participation is measured mostly by the care and punctuality with which you complete and hand in at least ten response papers, each a couple of pages in length (please keep your answers brief), on the authors and readings assigned below. The questions are based on the extracts included in the Classpak or found on reserve. The dates for handing in the research paper, its preliminary version (PV), and the response papers are:

<u>Author/Reading</u>	<u>5-page research paper due</u>	<u>response paper due</u>
Hume		Sept. 8
Smith	Sept. 25 (PV: Sept. 18)	
Smith's <i>WN</i> Bk I		Sept. 15
<i>WN</i> Bks II & III		Sept. 20
<i>WN</i> Bks IV & V		Sept. 25
Malthus	Oct. 4 (PV: Sept. 27)	Oct. 4
Ricardo	Oct. 9 (PV: Oct. 2)	Oct. 9
Mill	Oct. 16 (PV: Oct. 9)	Oct. 16
Marx	Oct. 25 (PV: Oct. 18)	Oct. 25
Cournot	Nov. 1 (PV: Oct. 25)	Oct. 30
Dupuit	Nov. 1 (PV: Oct. 25)	
Jevons	Nov. 8 (PV: Nov. 1)	Nov. 8
Walras	Nov. 8 (PV: Nov. 1)	Nov. 8
Menger	Nov. 10 (PV: Nov. 3)	
Edgeworth or Clark	Nov. 13 (PV: Nov. 6)	
Marshall	Nov. 17 (PV: Nov. 11)	Nov. 15
Robinson	Nov. 29 (PV: Nov. 22)	Nov. 27
Keynes	Dec. 4 (PV: Nov. 27)	Dec. 1
Lewis or Schumpeter	Dec. 8 (PV: Dec. 1)	Dec. 6 (Lewis only)

Class Schedule and Readings

Aug. 30	<i>Introduction and overview</i> Brue, 1 Buchholz, I
Sept. 1, 4	<i>The Greeks, the Scholastic writers, the Enlightenment and mercantilist economic thought</i> Brue, 2 Gordon, 2, 4C (pp. 68-82), 7 (pp. 111-130) E & H, 2, 3 Blaug, 1 (§1-6) Schumpeter, II.2.7 (i.e. part II, chapter 2, section 7), II.7

Sept. 6, 8, 11 *Precursors of the classical school: Petty, Cantillon, Hume, the Physiocrats*
Brue, 3, 4
Hume, *Essays* (excerpted in Classpak)
E & H, 4
Gordon, 5
Schumpeter, II.4
Blaug, 1 (§8, 11-15)

Sept. 13–29 *Adam Smith*
Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Bks I, II, III, IV, V: excerpts included in Heilbroner, pp. 159-320
Heilbroner, pp. 1-11, 56-63, 149-157
Brue, 5
Buchholz, II
E & H, 5
Gordon 7C (pp. 130-147)
Schumpeter, II.3.4 (pp. 181-194), II.6.3 (pp. 307-311)
Blaug, 2



Oct. 2 *FIRST EXAM*

Oct. 4 *T. Robert Malthus: population, wages, gluts*
Brue, 6
Buchholz, III
E & H, 6
Malthus, *An Essay on the Principle of Population* (1798; rev. ed. 1803), excerpts in classpak
Gordon, 9C (pp. 181-190), 16 (pp. 505-510), 11
Schumpeter, pp. 250-266, 480-483, 578-588
Blaug, 3 (§1-6)



Oct. 6, 9, 11 *David Ricardo: his system, its ‘magnificent dynamics’, Ricardian trade theory*
Ricardo, *The Principles of Political Economy and Taxation*, excerpts & handout on chs. 2 & 6 (classpak)

E & H, 7
 Gordon, 9 (pp. 168-171), 9A&B (pp. 171-181), 9D&E
 (pp. 190-201)
 Blaug, 4
 Maneschi, "Ricardo's international trade theory: Beyond
 the comparative cost example", *Cambridge Journal
 of Economics*, Dec. 1992; or *Comparative
 advantage in international trade: A historical
 perspective* (1998), 4
 Schumpeter, III.4.2, III.6.2, III.6.3, III.7.2-3



Oct. 13, 16, *The classical school: Bentham, Say, Senior, John Stuart Mill*
 18 Brue, 8
 Buchholz, V
 E & H, 6, 8
 Mill, *Principles of Political Economy*, excerpts
 in classpak

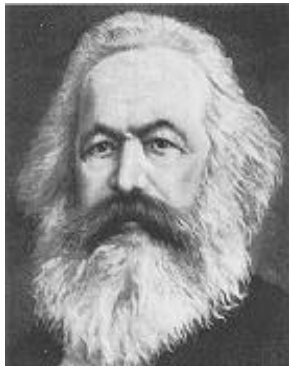
Gordon, 9F (pp. 201-210), 18 (pp. 590-621)
 Schumpeter, III.5, III.6.2-3, III.6.5 (640-645)
 Blaug, 6



Oct. 20 *Socialist thought*
 Brue, 9

J. S.

Mill



Oct. 23, 25 *Karl Marx and the Marxian system*
 Brue, 10
 Buchholz, VI
 E & H, 10
 Marx, *Capital*, excerpt in classpak (chs 16 and 32)
 Gordon, 13
 Schumpeter, III.1.4, III.6.6 (647-654)
 Eltis, *The Classical Theory of Economic Growth*, 7-8
 Blaug, 7

Oct. 27 *Friedrich List and the German historical school*
Brue, 11
Maneschi (1998), 5 (pp. 92–101)

Oct. 30, *Precursors of the marginal revolution*
Nov. 1 Brue, 12
E & H, 11, 12 (pp. 287-290)
Cournot, *Mathematical Principles of the Theory of Wealth*, excerpts noted in response paper
Schumpeter, III.4.1, IV.7.1, IV.7.2(b), IV.7.4
Blaug, 8 (§14-18)



Nov. 3 *SECOND EXAM*

Nov. 6, 8, *The marginalist school: Jevons,*
Walras, Menger, Wieser, Böhm-Bawerk
10 Brue, 13, 18 (pp. 372–4)
E & H, 12 (pp. 292-313), 13, 15
Schumpeter, IV.5.4 (pp. 843-850), IV.6.3
Blaug, 8, 12
Jevons, *The Theory of Political Economy*,
excerpts in classpak
Walras, *Elements of Pure Economics*, excerpts
noted in response paper
Schumpeter, IV.5.1
Blaug, 8 (§1-13)



Menger



Marshall

Nov. 13
and Clark

Brue, 14

The marginalist school: Edgeworth

Nov. 15, 17 *The neoclassical school: Alfred Marshall*
E & H, 14
Marshall, *Principles of Economics*, excerpts in
classpak
Gordon, 17 (pp. 546-579)
Schumpeter, IV.5.1-2, IV.6.4, IV.7.6-7
Blaug, 9-10, 13 (§1-16)

Mirowski, "Physics and the 'marginalist revolution'",
Cambridge Journal of Economics, 1984

Nov. 18-26 *THANKSGIVING HOLIDAYS*

Nov. 27, 29 *The theory of imperfect competition: Sraffa,
Chamberlin, Robinson*

Brue, 17

Robinson, excerpt noted in response paper

E & H, 17

Schumpeter, V.2.2

Blaug, 9, pp. 375-9



Joan Robinson

Dec. 1, 4 *John Maynard Keynes: the Keynesian revolution*

Brue, 21

Buchholz, IX

Keynes, *The General Theory of Employment, Interest*

and Money, excerpt noted in response paper

Gordon, 17 (pp. 579-588)

Schumpeter, V.5

Blaug, 16

Dec. 6, 8 *Theories of economic growth and development*

Brue, 23

Lewis, "Economic Development with Unlimited Supplies of Labor", in

Agarwala and Singh, *The Economics of Underdevelopment* (pp. 400-420)

Dec. 11 *Vision and relevance in the history of economic thought*

Schumpeter, I.1 (pp. 4-6), I.4 (pp. 41-3)

Heilbroner, "Analysis and Vision in the History of Modern Economic
Thought", *Journal of Economic Literature*, Sept. 1990

Blaug, Introduction, *Economic Theory in Retrospect*

Walker, "The Relevance for Present Economic Theory of Economic Theory
Written in the Past", *Journal of the History of Economic Thought*,
November 1999

Brue, 25

Buchholz, XIII

Dec. 18 (Monday), 9:00 a.m. *FINAL EXAM*