

ECON-620

Economic Thought

American University
Department of Economics
Fall 2007
Time: Mon. 5:30-8:00 p.m.
Room: Ward 114

Prof. Robert A. Blecker
Office: Roper 211
Phone: 202-885-3767
E-mail: blecker@american.edu
Office hours: M W 2-5 pm

Syllabus—*Revised 11/19/07*

This course covers the origins of economics as a discipline and the development of different schools of economic thought (classical, Marxian, neoclassical, institutionalist, and Keynesian) since the eighteenth century. Where possible, readings and discussion will focus on the original texts. These will be supplemented by modern interpretations and texts that give broader coverage and critiques of various thinkers and theories. The emphasis will be on the evolution of economic theories and comparisons between alternative perspectives on economics, as well as their relevance to contemporary economic issues. Coverage will be limited to major economists and schools of thought in order to permit in-depth analysis and discussion. The prerequisites for this course are ECON-500 and 501 (master's level micro and macro theory) or admission to the economics Ph.D. program. We *will* use mathematical economic tools and models when they are relevant to the theories covered in this course.

Class Website and Web Links

A class website will be created using Blackboard (<http://blackboard.american.edu>). The website will contain this syllabus (and any updates) plus announcements, assignments, links, and other useful information. Required articles that are available in electronic form will be posted either as **E-Reserves** (if they are copyrighted) or as **Course Documents** (if they are not). The website will also be used for sending e-mail messages to class participants; I will use this feature extensively for making announcements. **You are responsible for accessing the class website and checking it (and your e-mail) regularly.** By default, the Blackboard system sends e-mail to your @american.edu student address; if you wish, you can use the my.american.edu web portal to have messages forwarded to another e-mail address, *or* you can change your default e-mail address under your personal settings in Blackboard. It is **your responsibility** to configure and check your e-mail so that you receive messages regarding this course. If you have any problems with the website, please inform the professor immediately.

One useful website you may wish to visit is the McMaster University Archive for the History of Economic Thought at <http://socserv2.socsci.mcmaster.ca/~econ/ugcm/3ll3/>. Texts on this site are in the public domain (i.e., copyrights have expired) so they may be downloaded for free. There will be a link to this site under “External Links” on the class website, along with other useful links (if you find any, please let the professor know and he will add them).

Books

The following books (all paperback editions) have been ordered at the Campus Store:

Required Texts:

Adam Smith, *The Wealth of Nations*, Bantam, 2003 [based on 5th edition, edited by Edwin Canaan, 1904; 1st edition originally published 1776]. ISBN 13: 978-0-553-58597-1.

David Ricardo, *The Principles of Political Economy and Taxation*, Prometheus, 1996 [based on 3rd edition, 1821; 1st edition originally published 1817]. ISBN 13: 978-1-57392-109-1.

Karl Marx, *Capital: A Critique of Political Economy*, vol. I, trans. Ben Fowkes, Penguin Classics, 1992 [1st German edition originally published 1867; this translation originally published 1977 by Vintage/Random House]. ISBN 13: 978-0-14-044568-8.

John Maynard Keynes, *The General Theory of Employment, Interest, and Money*, Harcourt/Harvest Books, 1965 [originally published 1936]. ISBN 13: 978-0-15-634711-2.

Steven G. Medema and Warren J. Samuels, eds., *History of Economic Thought: A Reader*, Routledge, 2003. ISBN 13: 978-0-415-20551-1.

Recommended Texts

Mark Blaug, *Economic Theory in Retrospect*, 5th edition (paperback). Cambridge University Press, 1997. ISBN 13: 978-0-521-57701-4.

T. R. Malthus, *An Essay on the Principle of Population*, Oxford World's Classics, 1993 [1st edition originally published 1798]. ISBN 13: 978-0-19-283747-9.

Thorstein Veblen, *The Theory of the Leisure Class*, Prometheus Books, 1998 [originally published 1899]. ISBN 13: 978-1-57392-219-7.

NOTES: If you have another edition of the same text, you are welcome to use it, but the page numbers will be different from the ones cited in class. Many classic economic texts are available for free or less money on-line, but electronic versions will be difficult to use for class discussions. I strongly recommend that you buy at least the four major required texts (Smith, Ricardo, Marx, and Keynes) in the editions listed above and the Medema & Samuels collection of readings, either from the Campus Store or elsewhere (e.g., Amazon—in which case, you should *use the 13-digit ISBN numbers to make sure you are ordering the right edition*). Please note that the Medema & Samuels book contains many selections not included elsewhere. Also, Blaug is indispensable for his coverage of the origins of the neoclassical school, but he can be accessed via library reserves.

Background References

The following are some major works of criticism and appraisal in the history of economic thought, as well as some conventional “history of thought” textbooks, which will be placed on reserve in the library:

- Phyllis Deane, *The Evolution of Economic Ideas*, Cambridge: Cambridge University Press, 1978.
- Maurice Dobb, *Theories of Value and Distribution Since Adam Smith*, Cambridge: Cambridge University Press, 1973.
- Robert B. Ekelund, Jr., and Robert F. Hébert, *A History of Economic Theory and Method*, 5th edition, Long Grove, IL: Waveland, 2007.
- E. K. Hunt, *History of Economic Thought: A Critical Perspective*, Belmont, CA: Wadsworth, 1979.
- David P. Levine, *Economic Studies: Contributions to the Critique of Economic Theory*, London: Routledge, 1977.
- Ronald L. Meek, *Studies in the Labor Theory of Value*, London: Lawrence and Wishart, 1956; or 2nd edition, New York: Monthly Review Press, 1975.
- Piero V. Mini, *Philosophy and Economics*, Gainesville: University of Florida Press, 1974.
- Ingrid H. Rima, *Development of Economic Analysis*, 6th edition, Routledge, 2001.
- Eric Roll [[in the library catalog as](#) “Roll of Ipsden, Eric Roll, Baron”], *A History of Economic Thought*, 5th edition, London: Faber & Faber, 1992. [or use older 4th edition (1973) available in the library; the 1992 edition is out of print.]
- Joseph A. Schumpeter, *History of Economic Analysis*, New York: Oxford University Press, 1954.
- Ernesto Screpanti and Stefano Zamagni, *An Outline of the History of Economic Thought*, 2nd edition, Oxford and New York: Oxford University Press, 2005.
- Brian Snowdon and Howard Vane, *Modern Macroeconomics: Its Origins, Development and Current State*, Elgar, 2005.

NOTE: Most important readings (including these background references and all the required and recommended texts) will be available on reserve in the library; in some cases, the editions placed on reserve will differ from those ordered at the bookstore.

Course Requirements

Every student must write two essays, approximately 8-10 pages each, and take a final examination. The essays will be on a choice of topics to be assigned; three lists of topics will be distributed and you need only choose topics from two of them. The tentative due dates for the three essays are October 15, November 12, and December 7 (note December 7 is a *Friday*, four days *after* the last class). *If you miss the deadline for any of the first two essays, then you **must** submit the remaining one(s) on time.* If you turn in three essays *on time*, I will count the two highest grades. **The final exam will be given at the regularly schedule time (Monday, December 10, at 5:30-8:00 p.m.). No exceptions.**

Grading: Class participation 10%; Essays (2) 25% each; final exam 40%.

Reading List

*Denotes minimum required reading (*subject to change*); other readings are recommended, and you should try to do as much reading on each topic as time permits (some of the recommended readings may be especially useful for particular essay topics). All required readings will be on reserve in the University Library, except as indicated.

NOTE: You are expected to do the readings in advance and to participate in class discussions. Bring the main texts we are reading each week to class so that we can discuss them!!

Week 1 (Aug. 27): Overview and Early (Pre-Modern) Economic Thought

*Medema & Samuels, readings by Aristotle,† Aquinas.

†or read Aristotle, *The Politics*, class handout.

*Roll, *A History of Economic Thought*, chap. I.

Rima, *Development of Economic Analysis*, Part I, chaps. 1-2.

*Ricardo F. Crespo, "The Ontology of 'the Economic': An Aristotelian Analysis," *Cambridge Journal of Economics*, vol. 30, no. 5 (September 2006), pp. 767-82. **E-Reserve**

Weeks 2-3 (Sept. 10-17): Mercantilism, Physiocracy, and Early Classical Economics

*Medema & Samuels, readings by Mun and Quesnay are required [Petty, Cantillon, Turgot, Mandeville, and Hume are recommended/optional].

*Roll, *A History of Economic Thought*, chaps. II-III.

*Ronald L. Meek, editor, *Precursors of Adam Smith* (only the selections by Mirabeau and Quesnay are required; the rest are recommended/optional).

NOTE: There is some overlap between the Quesnay selections in Medema and Meek.

Blaug, *Economic Theory in Retrospect*, chap. 1.

Ramón Tortajada, editor, *The Economics of James Steuart*. London and New York: Routledge, 1999.

Weeks 4-5-6 (Sept. 24 and Oct. 1-8): Adam Smith

*Smith, *Wealth of Nations*, Introduction and Plan of the Work; Book I, chaps. I-IX, X (Part II only), XI (introduction and conclusion only); Book II, Introduction and chaps. I, II, V; Book III, chaps. I, III-IV; Book IV, chaps. I-II; Book V, chap. I (esp. Part III, Article II [2nd]).

*Robert A. Blecker, "The 'Unnatural and Retrograde Order': Adam Smith's Theories of Trade and Development Reconsidered," *Economica*, vol. 64 (August 1997), pp. 527-37.

E-Reserve

*David L. Carr, "European Industrialization and the Wealth of Nations: Was Adam Smith Right?" unpublished manuscript, November 2002. **Blackboard Course Document** [NOTE: you are *not* responsible for the math in this article.]

Nerio Naldi, "Labour Employed in Production and Labour Commanded: A Ricardian Conjecture," *Cambridge Journal of Economics*, vol. 27 no. 4 (July 2003), pp. 547-62.

E-Reserve

Meek, *Studies in the Labor Theory of Value*, chap. 2.
Dobb, *Theories of Value and Distribution*, chap. 2.
Blaug, *Economic Theory in Retrospect*, chap. 2.
Samuel Hollander, *The Economics of Adam Smith*.

Week 6 (Oct. 8): The Malthusian Theory of Population and Wages

- *T. R. Malthus, *First Essay on Population*, 1798. [**OR** read the excerpt from his *Essay on the Principle of Population* in Medema & Samuels, pp. 193-207.]
- *Blaug, *Economic Theory in Retrospect*, chap. 3 (sections 1-6 only)

Weeks 7-8 (Oct. 15-22): David Ricardo

- *Ricardo, *Principles of Political Economy*, Original Preface and chaps. I-VII, XX-XXI, XXV-XXVI, XXX-XXXI.
- *Blaug, *Economic Theory in Retrospect*, chap. 4 and chap. 3 (sections 7-11 only).
- Meek, *Studies in the Labor Theory of Value*, chap. 3.
- Dobb, *Theories of Value and Distribution*, chaps. 3-4.
- *Luigi Pasinetti, *Lectures on the Theory of Production* (1977), pp. 8-18; **OR** read the more complete, original version in:
Luigi Pasinetti, "A Mathematical Formulation of the Ricardian System," *Review of Economic Studies*, vol. 27 (1960), pp. 78-98. **E-Reserve**
- *Carlo Casarosa, "A New Formulation of the Ricardian System," *Oxford Economic Papers*, vol. 30 (1978), pp. 38-63. **E-Reserve** [NOTE: *only* pages 38-53 are required, but you *are* responsible for the math in that part.]
- Samuel Hollander, *The Economics of David Ricardo*.
- Andrea Maneschi, "Ricardo's International Trade Theory: Beyond the Comparative Cost Example," *Cambridge Journal of Economics*, vol. 16 (Dec. 1992): 421-37. **E-Reserve**

Weeks 8-10 (Oct. 22-29, Nov. 5): Karl Marx

- *Marx, *Capital*, vol. I, First Preface (pp. 89-93), and chaps. 1-9, 10 (sections 1-2 only), 12-15, 19, 23-24, 25 (sections 1-4 only), 26, 32; vol. III, chaps. 13-15 (1-3, 8-9 optional).
- *Karl Marx and Frederick Engels, *Manifesto of the Communist Party* (class handout).
- *Paul M. Sweezy, *Four Lectures on Marxism*, Lectures 1-2 (including Appendixes A, B).
- *Duncan K. Foley, *Understanding Capital: Marx's Economic Theory*, chaps. 1-6, 8-9.
- Robert L. Heilbroner, *Marxism: For and Against*, chaps. 1-4.
- Simon Mohun and Roberto Veneziani, "Goodwin Cycles and the U.S. Economy, 1948-2004," working paper, Queen Mary University of London, April 2007. **Blackboard Course Document**
- Paul A. Samuelson, "Understanding the Marxian Notion of Exploitation: A Summary of the So-called Transformation Problem Between Marxian Values and Competitive Prices," *Journal of Economic Literature*, vol. 9 (1971), pp. 399-431.
- Ian Steedman, *Marx After Sraffa*.
- Megnad Desai, *Marxian Economics*.
- Meek, *Studies in the Labor Theory of Value*, chaps. 4-6.

Blaug, *Economic Theory in Retrospect*, chap. 7.
Hunt, *History of Economic Thought*, chaps. 9-10.

Weeks 11-12 (Nov. 12-19): Origins of Microeconomics: The Neoclassical Revolution

- *Medema & Samuels, readings by Jevons, Menger, Walras, Edgeworth, Marshall, and Böhm-Bawerk. [Bentham is recommended].
- *Blaug, *Economic Theory in Retrospect*, chaps. 8 (sections 1-10), 9 (sections 1, 6-12), 10 (skim), 11 (sections 1-5, 10-12, 18-23), 12 (sections 19-23), 13 (sections 1-5, 16-24).
- *Lionel C. Robbins, *An Essay on the Nature and Significance of Economic Science*, 2nd ed., chaps. 1-2. and/or (one of these two is required, the other is recommended)
- *Tjalling Koopmans, *Three Essays on the State of Economic Science*, Essay I.
- Paul A. Samuelson, *Foundations of Economic Analysis*.
- Philip Mirowski, *More Heat Than Light: Economics as Social Physics, Physics as Nature's Economics*, chaps. 1, 4-6.
- Dobb, *Theories of Value and Distribution*, chap. 7.
- W. Stanley Jevons, *Theory of Political Economy*, chaps. I-IV, VIII.

Week 13 (Nov. 26): Institutional-Evolutionary Approaches

- *Thorstein Veblen, *Theory of the Leisure Class*, chaps. II-V. [OR read the excerpt in Medema & Samuels] (note: the other chapters are optional/recommended).
- Thorstein Veblen, *Theory of Business Enterprise*, chaps. I-VI.
- Joseph A. Schumpeter, *Theory of Economic Development*, chaps. II-IV.
- Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy*, chaps. VII-VIII.
- Medema & Samuels, chap. 34 (Commons).
- E. K. Hunt, *History of Economic Thought*, chap. 13.

Weeks 13-14 (Nov. 26-Dec. 3): Origins of Macroeconomics: Say's Law, (neo)classical macro theory, and the Keynesian revolution

- *Medema & Samuels, readings by Say (*A Treatise on Political Economy*, 245-55) and Malthus (*Principles of Political Economy*, 291-311).
OR the following may be substituted for the latter Malthus reading:
- *T. R. Malthus, *Principles of Political Economy*, esp. chap. VII, sect. III, with commentary by D. Ricardo, **in** *Works and Correspondence of David Ricardo*, vol. 2, *Notes on Malthus' Principles of Political Economy*. [Note: listed in library reserves under "Works"]
- *Ricardo, *Principles*, re-read: chap. XXI (this is also excerpted in Medema & Samuels).
- *K. Marx, *Capital*, re-read: vol. I, chap. 3 (esp. pp. 208-9, 227-8); vol. III; chap. 15.
- Medema & Samuels, chapters by Wicksell and Fisher.
- *Keynes, *The General Theory*, chaps. 1-19, 21, 23-24.
- *Blaug, *Economic Theory in Retrospect*, chap. 5 (15-16 are recommended).
- *B. Snowden and H. Vane, *Modern Macroeconomics: Its Origins, Development and Current State*, Elgar, 2005, chapters 1-3.
- *Alan Meltzer, "Keynes' *General Theory*: A Different Perspective," *Journal of Economic Literature*, vol. 19 (March 1981), pp. 34-64. **E-Reserves**

*J. A. Kregel, "Budget Deficits, Stabilisation Policy and Liquidity Preference: Keynes's Post-War Policy Proposals," in Fausto Vicarelli, ed., *Keynes's Relevance Today*, chap. 3.
[NOTE: Look for *Vicarelli's book* on reserve in the library.]
J.R. Hicks, "Mr. Keynes and the 'Classics': A Suggested Interpretation," *Economica*, 1937.
Alvin H. Hansen, *A Guide to Keynes*, New York: McGraw-Hill, 1953.
Joan Robinson, *Economic Heresies: Some Old-Fashioned Questions in Economic Theory*.
Victoria Chick, *Macroeconomics After Keynes: A Reconsideration of the General Theory*.
Paul Davidson, *John Maynard Keynes*, London and New York: Palgrave/Macmillan, 2007.
New book to be released this fall (ISBN-13 # 978-1-4039-9623-7).