Topics in the History of Economic Thought

Location:
Instructor: Paul Castañeda Dower
Office: 1901
Office Hours: TBA
E-mail: pdower@nes.ru

A. Course Description

This course covers topics in the history of economic thought. The particular emphasis of this course is to get students familiar with the classical school of economics and its critics. Throughout the course we will keep an eye on policy debates connected to the classical school that have contemporary relevance. Students should have some knowledge of intermediate micro- and macroeconomics.

B. Course Materials

The textbook we will use is History of Economic Theory and Method by Ekelund R.B. and Hebert F.R. (EH) We will draw on a number of other readings.

C. Course Requirements

There is a mandatory attendance policy for this course. You may have up to two unexcused absences before a penalty will set in.

Your grade will be composed of the following:

1. Writing Assignments: 30%
2. In-class Participation: 20%
3. Presentation: 20%
4. Final Paper: 30%

Weekly writing assignments will consist of a short two-page critical analysis of an assigned reading. The analysis should select a particular theme of the text and discuss its relevance for a pertinent contemporary policy issue. If you are having difficulty connecting the reading to a policy issue, you may instead evaluate the text from the point of view of modern economic theory. However, you will be rewarded for making a strong case for the relevance of the text to today. You are responsible for three critical analyses throughout the course and the assignment is due before the class that covers the assigned text. No late assignments will be accepted and you may not write more than one assignment per week. No assignments will be accepted during the last week of class. The lowest scoring one will be dropped from your grade.

In-class participation will be based on your contribution to class discussion.
The presentation will take the form of a debate concerning a particular policy issue. We will spend the last week of class on these debates. The exact format will depend on the number of students enrolled.

The final paper will consist of 8-10 pages (double-spaced, Times New Roman, 12 pt) and is due on the last day of exams. Topics should be approved by the fourth week of class. The paper should discuss the ideas of some economist writing before the twentieth century. You will be graded on how accurately you portray the idea(s), how well you identify the relevance of the idea to contemporary issues and how well you evaluate the idea from a modern perspective.

D. Tentative Course Outline

I. Classical Foundations of Economic Order

Session 1: Introductory Comments and Precursors to Classical Thought

Readings:

**EH** ch. 1, 3


Session 2: Adam Smith

Readings:

**EH** ch. 5


Session 3: Malthus

**EH** ch. 6

Readings:

Session 4: Mill and Ricardo

Readings:

**EH** ch. 7 and 8


[http://www.econlib.org/library/Mill/mlP.html](http://www.econlib.org/library/Mill/mlP.html)

Session 5: The Classical Emphasis on Legal Order

Readings:

**EH** ch. 8,9


David Levy and Sandra Peart, *The Secret History of the Dismal Science*
Session 6: Policy Debates and the Principle of Laissez Faire

Poor Laws, Corn Laws, Trade, …

Readings:

EH ch. 9

http://www.econlib.org/library/Mill/mlP.html

Frederic Bastiat, “What is Seen and What is Unseen,” *Selected Essays on Political Economy*.
http://www.econlib.org/library/Bastiat/basEss.html

http://www.econlib.org/library/Ricardo/ricP.html

II. *Critiques of the Classical Approach (4 lectures)*

Session 7: Marx

Readings:

EH ch. 10

Marx. *Capital* (1887) Volume I, ch. 1, 2, 4-7, 23-24, 26, 32; Volume III, ch. 14, 39

http://www.econlib.org/library/YPDBooks/Marx/mrxCpA.html

Session 8: Marginal Revolution: Mathematical and Genetic-Causal Approaches

Readings:

EH ch. 12, 13

Jevons, *The Theory of Political Economy*, chapters I, III, VII.
Session 9: Keynes

Readings:

**EH** ch. 18


“Am I a Liberal?”,

“The End of Laissez---Faire,”

“Economic Possibilities for Our Grandchildren”

Session 10: Veblen
**Readings:**

**EH** ch. 16


Thorstein Veblen, *The Theory of the Leisure Class*, chapters 1, 2, 4, 1899.


---

III. Policy Ideas in the History of Economic Thought (4 classes)

Session 11: Say’s Law

**Readings:**

Jean-Baptiste Say, “Of the Demand or Market for Products,” *A Treatise on Political Economy*, Book I, Chap. XV.

[http://www.econlib.org/library/Say/sayT15.html#Bk.I,Ch.XV](http://www.econlib.org/library/Say/sayT15.html#Bk.I,Ch.XV)


[http://www.econlib.org/library/Mill/mlUQP2.html#Essay%20II.%20Of%20the%20Influence%20of%20Consumption%20on%20Production](http://www.econlib.org/library/Mill/mlUQP2.html#Essay%20II.%20Of%20the%20Influence%20of%20Consumption%20on%20Production)


Session 12: Socialist Calculation Debate
Readings:


Lawrence H. White, “The Bolshevik Revolution and the Socialist Calculation Debate,” *The Clash of Economic Ideas*

Sessions 13 and 14: Student Presentations

Possible Debates: Free Trade and Globalization; Libertarian Paternalism; Foreign Aid; Transition and Shock therapy; Development Planning; Environmental Externalities.

Useful references:


F. A. Hayek, “Planning and Democracy” and “Planning and the Rule of Law,” *The Road to Serfdom* (1944), Chap. 5, 6, pp. 100—23.