

**Economics 446-01**  
**History of Economic Thought**  
**Spring 2019, Tuesday and Thursday 12:30-1:50PM, Blow 333**

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Office Hours: TTh 11:00-12:20 and by appointment

**COURSE OBJECTIVES**

“...the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood.” In reality, even practical people “... are usually the slaves of some defunct economists.” With these words, John Maynard Keynes provides a rationale for this course. Economic ideas have indeed played a critical role in shaping the world we know and they have day to day impacts on the lives of people everywhere. Understanding the origins of these ideas and how they have developed and transformed into the foundations of the current state of economic analysis is the purpose of this course.

Studying the primary works of some of the ‘giants’ of economics (as well as the works of some lesser giants), we will consider how economic ideas, analysis, and method have both changed and remained the same over time. We will focus on four major ‘schools’ of economic thought -- Classical, Marxian, Neo-Classical, and Keynesian. Classical political economy emerged in the late eighteenth century as an important component of Enlightenment thinking. In part, it developed in response to government intervention in the economy, and its proponents provided theories and policies for the emerging market revolution. The Classical school is represented by the work of Adam Smith, Thomas Malthus, David Ricardo and John Stuart Mill. Karl Marx developed a broad based system critiquing the political economy of his day by drawing on philosophy, history, and importantly the concepts of Classical economics. The emergence of marginalism in the middle of the nineteenth century transformed economic analysis. The Neo-Classical economist Alfred Marshall’s *Principles* represents the impact of a mature marginalism on economic thinking, but with a strong sense of connection to the work of the Classical economists -- particularly Ricardo and Mill. In the 1930s, John Maynard Keynes published the *General Theory*, a work of tremendous influence in part because of its links to the economic traditions of the past and in part because it provided a response to the issues of the day. Finally, published in 2013, Thomas Piketty’s *Capital in the Twenty-First Century* focuses on the long-run dynamics of market capitalism and what those dynamics mean for democratic, meritocratic societies.

**TEXT:**

**Required texts:** all available in paperback:

Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*  
(Vol. I and II) Liberty Fund ISBN 0865970084

Thomas Malthus, *Essay on Population*  
Cambridge UP, ISBN 978-0521429726

David Ricardo, *Principles of Political Economy and Taxation*  
Prometheus Books, ISBN 1-57392-109-2

Karl Marx, *Capital*  
Oxford University Press, ISBN 0-19-953570-1

John Stuart Mill, *Principles of Political Economy*  
Prometheus Books, ISBN 1-59102-151-0

Alfred Marshall, *Principles of Economics*  
Prometheus Books, ISBN 1-57392-140-8

John Maynard Keynes, *General Theory of Employment, Interest, and Money*  
Prometheus Books, ISBN 1-75392-139-4

Robert L. Heilbroner, *The Worldly Philosophers*  
Touchstone, ISBN 978-0684862149

**Additional texts:**

The following history of economics textbooks are among those available in Swem Library. They and others will be useful both as supplements to the readings we are using in the course and as sources for your term papers.

Mark Blaug, *Economic Theory in Retrospect*

Robert Ekelund and Robert Hebert, *A History of Economic Thought and Method*

Eric Roll, *A History of Economic Thought*

Joseph Schumpeter, *History of Economic Analysis*

Henry Spiegel, *The Growth of Economic Thought*

Alessandro Roncaglia, *The Wealth of Ideas*

Lionel Robbins, *A History of Economic Thought*

**Other texts:**

The following provide information on particular economists and economic ideas:

*The New Palgrave: A Dictionary of Economics*, edited by J. Eatwell, M. Milgate, and P. Newman (1987) HB61.N49

*Encyclopaedia of the Social Sciences* (1930) H41.E6

*International Encyclopedia of the Social Sciences* (1972) H40.A2.15

## Web Sites:

Finally, several web sites provide access to a wide range of information and economic texts relevant to this course. A general site, History of Economics, provides much information and links to a number of sites specializing in the history of economic thought. The address is:

<http://historyofeconomics.org/>

McMaster University hosts a site providing a wonderful range of texts in economics as well as some links to other sites. The address is:

<http://historyofeconomicthought.mcmaster.ca>

There is also a Marx/Engles Internet Archive at:

<http://www.marx.org>

Finally, a “History of Economic Thought (HET) Web Site from the New School is:

<http://cepa.newschool.edu/het/index.htm>

## COURSE REQUIREMENTS

### Writing

Term Paper:

This is to be a fifteen to twenty page research paper focusing on a topic relevant to the course. **Topics** are to be **selected and a proposal submitted by Friday February 1**. An **outline and list of references** is due **Friday February 22**. If you wish, I will look at an initial **draft** of your paper if you get it to me by **Friday March 29**. The **final paper** is due **Friday April 26**.

Position/Reaction Papers:

Some weeks you will be assigned a 2-4 page position/reaction paper. These papers should follow scholarly formats with footnotes or endnotes as needed. Assignments typically will be made at the end of class Thursday and the papers will be due **by noon the following Monday**. During the semester **you may expect to be assigned 3-5 such papers**.

## Examinations

Mid-term examination: **Thursday February 28**

Final Examination: Due **Monday April 29 at 5PM**

(The final will be a take home exam that will be due at the time scheduled for the final. It may be completed before the due date if you prefer.)

## Grading

Mid-term Examination	25%
Final Examination	25%
Term Paper	25%

Each missed deadline (**February 1, February 22, April 26**) will reduce this portion of your grade by  $\frac{1}{2}$  a letter grade.

Reaction Papers	15%
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Each missed paper will reduce this portion of your grade by a letter grade.

Participation	10%
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This is a discussion based course. Completing the readings before each class and engaging in the discussion are critical.

William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels s/he may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2509 or at [sas@wm.edu](mailto:sas@wm.edu) to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see [www.wm.edu/sas](http://www.wm.edu/sas) .

## READING ASSIGNMENTS

Additional Materials: All readings in addition to the assigned texts (marked by \*) are available on Blackboard.

<b>Class</b>	<b>Topic</b>	<b>Assignment</b>
January 17	Introduction	
January 22	Mercantilism	Hollander, Ch 2*; Heckscher*; Heilbroner, Ch 2
January 24	Physiocrates	Hollander, Ch 3*
January 29	Adam Smith	Wealth of Nations, Introductions; I: 1-6 Heilbroner, Ch 3
January 31	Adam Smith	W of N, I: 7-9 and 11(pp160-195)
February 5	Adam Smith	W of N, II: Introduction, 1-3; III: 1; IV: 1, 2, 9 Ashraf, Camerer, and Lowenstein*
February 7	Thomas Malthus	Population, Books I and II Heilbroner, Ch 4
February 12	Thomas Malthus	Population, Books III 1-3, 5-7, 11-12 and IV 1, 3, 8 Heilbroner, Ch 4; Boyer (2)*
February 14	David Ricardo	Principles, Ch 1, 2, 4-6 Heilbroner, Ch 4
February 19	David Ricardo	Principles, Ch 7, 19, 21, 30, 31 Heilbroner, Ch 4; Thweatt*
February 21	David Ricardo	Peake*; Becker and Baumol*
February 26	Thomas Malthus & Classical Economics	Principles, Book II, Ch. 1* Rashid*
February 28	Mid-Term Examination	
March 5 & 7	Spring Break	
March 12	Karl Marx	Capital, Book I, Ch 1-8, 9.1 Heilbroner, Ch 4
March 14	Karl Marx	Capital, Book I, Ch 23, Results, Book III, Ch 9, 13

		Heilbroner, Ch 4
March 19	J. S. Mill	Principles, Introduction, Book II, Book III, Ch 1, 2
March 21	J. S. Mill	Principles, Book III, Ch 17, 18, 26 Principles, Book IV, Ch 1-6, Book V, Ch 1, 11
March 26	Socialism	Heilbroner, Ch 5 Mill, Principles, Chapters on Socialism*
March 28	Marginalism, The Marginal Rev.	Blaug*, Jaffe* (HET site, essays, value theory, neoclassical)
April 2	Austrian Economics, Veblen, Institutional	Heilbroner, Ch 8
April 4	Women Economists	AEA Committee on the Status of Women in the Economics Profession, Annual Report, aeaweb.org
April 9	Alfred Marshall	Principles, Books I, III Humphrey* Ekelund and Hebert*
April 11	Alfred Marshall	Principles, Book V, Heilbroner, Ch 7
April 16	Modern Micro	Deane, Ch 10, 11*
April 18	J. M. Keynes	General Theory, Ch 1-3, 5-7, 8-10 Heilbroner, Ch 7
April 23	J. M. Keynes	General Theory, Ch 11-14, 16, 18-22, 24 Hicks*; DeVroey and Hoover*
April 25	Economic Theory in Retrospect	Piketty, Capital, Introduction* Heilbroner, Ch. 11
April 29	Take Home Final Exam Due 5PM	

## ADDITIONAL READINGS

Nava Ashraf, Colin F Camerer, and George Lowenstein, “Adam Smith, Behavioral Economist,” *Journal of Economic Perspectives* (2005).

Gary Becker and William Baumol, “The Classical Monetary Theory: The Outcome of the Discussion”, *Economica* (1952).

Mark Blaug, “Was There a Marginal Revolution,” in Black, Coats, and Goodwin (eds), *The Marginal Revolution in Economics* (1973).

George Boyer, “An Economic Model of the English Poor Law circa 1780-1834,” *Explorations in Economic History* (1985) and “Malthus was Right After All: Poor Relief and Birth Rates in Southeastern England,” *Journal of Political Economy* (1989).

Phyllis Deane, *The Evolution of Economic Ideas* (1978)

Michael DeVroey and Kevin Hoover, “Introduction: Seven Decades of the IL-LM Model,” *History of Political Economy* (2004).

Robert B. Ekelund and Robert F. Hebert, “The Origins of Neoclassical Microeconomics,” *Journal of Economic Perspectives* (2002).

Eli Heckscher, “Mercantilism,” *Encyclopaedia of the Social Sciences* (1930).

J. R. Hicks, “Mr. Keynes and the Classics: A Suggested Interpretation,” *Econometrica* (1937).

Samuel Hollander, *Classical Economics* (1987).

Thomas Humphrey, “Marshallian Cross Diagrams and Their Use before Alfred Marshall: The Origins of Supply and Demand Geometry,” *Economic Review* Richmond Fed (1992)

William Jaffe, “Menger, Jevons, and Walras Dehomogenized,” *Economic Inquiry* (1976).

Charles Peake, “Henry Thornton and the Development of Ricardo’s Monetary Thought,” *History of Political Economy* (1981).

Thomas Piketty, *Capital in the Twenty-First Century* (2013, English translation 2014).

Salim Rashid, “Malthus’ Principles and British Economic Thought, 1820-1835,” *History of Political Economy* (1981).

William Thweatt, “James Mill and the Early Development of Comparative Advantage,” *History of Political Economy* (1976).