

Economics 446-01
History of Economic Thought
Spring 2021

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Office Hours: On Zoom Mondays 3:30PM EST and 8:00PM EST 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 commercial and industrial capitalism as well as 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.

THE ASYNCHRONOUS COURSE

For Spring 2021 Econ 446 will be conducted as an asynchronous, on-line course. The structure of the course and the scheduling of material have been modified to meet the needs of the new format. While the class will not meet face-to-face, the following schedule will be followed:

(A) On January 27, 2021, a course syllabus (also available on BlackBoard) will be emailed to all enrolled students. It is important that you review the syllabus carefully.

(B) On January 27, 2021, two initial Zoom class meetings have been scheduled. One is at 3:30 PM EST and the other is at 8:00PM EST. Information about the meeting will be sent by email the day before and through Blackboard at the time of the meeting. **All enrolled students are expected to attend one of the two Zoom meetings with video and audio turned on unless you are in circumstances that make it impossible.**

(C) Each Sunday beginning January 31, 2021 a module will be emailed to those enrolled consisting of the following: **(a) Notes to accompany the assigned readings. (b) Several questions regarding the assignment to think about. (c) A short paper assignment, if scheduled.**

(D) A written response to the weekly questions is not required. **It is required, however, that each student participate in a weekly BlackBoard Discussion Board.** A new Board will be established each week. Comments and questions should be posted and students are expected to respond to one another.

(E) If at any time you have questions regarding the weekly assignments and modules or any other aspect of the course you may email Professor Haulman <cahaul@wm.edu>. If appropriate, responses may be shared with the entire class with the questioner's identity removed. If you wish to have an individual Zoom meeting with Professor Haulman, please email him suggesting one or more possible dates and times and an individual meeting will be scheduled.

(F) Every two weeks beginning the week of February 8, 2021, a Zoom discussion session with Professor Haulman will be scheduled. Typically these will be toward the end of the week and notice of the date, time, and a link to each session will be sent several days before. Similar sessions will be scheduled before the Midterm and Final Exams are due. Attendance at these bi-weekly meetings is optional. If you do attend the Zoom meeting, video and audio must be turned on unless you are in circumstances that make it impossible.

(G) Open office hours will be held each week beginning on Monday February 1, 2021. Zoom meetings have been scheduled for one hour at 3:30PM EST and 8:00PM EST each Monday until May 3, 2021. Professor Haulman will be available for the entire time. Notice of the date, time, and a link to each session will be sent several days before and through BlackBoard. Students may join at any time if they wish. Attendance at the weekly open office hour is optional. You are encouraged to use this opportunity as needed. If you do attend the Zoom meeting, video and audio must be turned on unless you are in circumstances that make it impossible.

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 or Dover 978-0486434612

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.marxists.org>

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 19. The proposal should be one or more paragraphs explaining what topic will be addressed and what you hope to accomplish with the paper.

An outline and list of references is due Friday March 12. The outline should be as detailed as possible and indicate the major aspects of the topic you will address. References should be provided in a standard citation format.

The final paper is due Friday May 7.

Your term paper may focus on any topic dealing with the development of economic thought – thinking about how the economic system works, not economic history – using economic analysis to understand historical events. Consider writing your paper on a topic of interest to you, for example, something you have encountered in another course.

You might look at the contribution of a particular economist or look at one of the important contributions of an individual. Think not only about some of the early writers we will have covered

by the time your proposal is due, but also consider anyone up to the present time. And, think about some of the minor figures within Classical and Neoclassical economics.

You may also want to consider writing about a group of economic thinkers, particularly ones outside the mainstream. Examples include but are not limited to: The Physiocrats, Ricardian Socialist, Socialist, The Historical School, American Institutionalists, The Austrian School, and Post Keynesian.

Finally, you might consider writing about the development and use of a particular idea, method of analysis, or economic policy. The possibilities are almost limitless. For example, The Specie Flow Mechanism, The Impartial Spectator, Say's Law, The Stationary State, Technological Displacement, Indifference Curves, Expectations, The Neoclassical Synthesis, The Coase Theorem, Econometrics, The Multiplier, An Optimal Tax, New Classical Macro Theory, Experimental Economics, Monetarism, The Phillips Curve, and the list goes on and on.

EconLit available through Swem Library's Databases is an excellent resource. Use it.

When writing your paper, cite all ideas used and all quotations. You may use any citation system you wish as long as you use it consistently throughout your paper.

Please contact Professor Haulman cahaul@wm.edu if you want to discuss your idea before making a decision about your topic.

Position/Reaction Papers:

This semester you will be assigned five (5) position/reaction papers. These papers should be 3-4 pages and follow scholarly formats with footnotes or endnotes as needed. You may use any citation system you wish as long as you use it consistently throughout your paper. The assignments are:

Paper 1 Due Wednesday February 10:

Chapter 5 of *The Wealth of Nations* dealing with the measure of value has been called one of Smith's most confusing. What do you find the most confusing about Chapter 5? Meanwhile, Chapter 7 of *The Wealth of Nations* is considered by many to be one of the high points of Smith's great work. Using a modern supply and demand, competitive model framework, interpret Smith's analysis in paragraphs 1 - 15.

Paper 2 Due Wednesday February 24:

Having read Adam Smith's *The Wealth of Nations* and Thomas Malthus' *Essay on the Principles of Population*, compare the tone and message of the Essay with the tone and message of Smith's work. To what do you attribute any difference between the two? You have studied a later edition of the Essay that includes moral restraint among the checks to population growth. Does knowledge of this addition change your answer above?

Paper 3 Due Wednesday March 10:

Having studied Chapter 19 of Ricardo's *Principles*, titled On Sudden Changes in the Channels of Trade, and Book II, Chapter 2 of Malthus's *Principles*, titled On The Progress of Wealth, what are the similarities and differences you see in their views of economic gluts and (recession and depressions) and their causes?

Paper 4 Due Wednesday March 31:

Discuss the ideas of one of the Socialist writers (Owen, Saint-Simon, Fourier, Sismondi, the Ricardian Socialist, or any other important Socialist writer). Having studied the Chapters on Socialism as well as Book V of Mill's *Principles*, why do you think Mill is so generous in his treatment of socialism?

Paper 5 Due Wednesday April 14:

What do you see as the most important similarities and differences between Marshall's *Principles* and the work of the Marginalists (Jevons, Menger, and Walras)?

Since this is a writing intensive course and fulfills the major writing requirement, I encourage you to do multiple drafts of any paper you submit. You might also consider exchanging papers with a fellow student and critiquing each another's work. You might also consider using the resources of the Writing Resource Center.

The **Writing Resources Center**, located on the first floor of Swem Library, is a free service provided to W&M students. Trained consultants offer individual assistance with writing, presentation, and other communication assignments across disciplines and at any stage, from generating ideas to polishing a final product. For Spring 2021, all appointments will be virtual. To make an appointment, visit the WRC webpage (www.wm.edu/wrc).

Examinations

Exams will be assigned one week before the due date and are due at the time indicated. They may be completed before the due date if you prefer. You may consult texts and notes as you wish but may spend no more than 90 minutes writing the midterm exam and no more than 3 hours writing the final exam.

Mid-term examination: Due **Friday March 12 at 5PM**

Final Examination: Due **Tuesday May 11 at 5PM**

Grading

Mid-term Examination	20%
Final Examination	20%
Term Paper	25%

Each missed Term Paper deadline (**February 19, March 12 , May 7**) will reduce this portion of your grade by $\frac{1}{2}$ a letter grade.

Reaction Papers	25%
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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 portion of your grade is based on participation in the weekly BlackBoard Discussion Board.

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 to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see www.wm.edu/sas .

READING ASSIGNMENTS

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

Class Module	Topic	Assignment
1. January 27	Introduction	Syllabus
2. February 1	Mercantilism	Hollander, Ch 2*; Heckscher*; Heilbroner, Ch 2
February 3	Physiocrats	Hollander, Ch 3*
3. February 8	Adam Smith	18 th Century Background Module Notes
February 10	Adam Smith	Wealth of Nations, Introductions; I: 1-6 Heilbroner, Ch 3
4. February 15	Adam Smith	W of N, I: 7-9 and 11(pp160-195)
February 17	Adam Smith	W of N, II: Introduction, 1-3; III: 1; IV: 1, 2, 9 Ashraf, Camerer, and Lowenstein*
5. February 22	Thomas Malthus	Population, Books I and II Heilbroner, Ch 4
February 24	Thomas Malthus	Population, Books III 1-3, 5-7, 11-12 and IV 1, 3, 8 Heilbroner, Ch 4; Boyer (2)*
6. March 1	David Ricardo	Principles, Ch 1, 2, 4-6 Heilbroner, Ch 4
March 3	David Ricardo	Principles, Ch 7, 19, 21, 30, 31 Heilbroner, Ch 4; Thweatt*
7. March 8	David Ricardo	Peake*; Becker and Baumol*
March 10	Thomas Malthus & Classical Economics	Principles, Book II, Ch. 1* Rashid*
March 12	Mid-Term Examination Due 5PM	
8. March 15	Karl Marx	Capital, Book I, Ch 1-8, 9.1 Heilbroner, Ch 4

March 17	Karl Marx	Capital, Book I, Ch 23, Results, Book III, Ch 9, 13 Heilbroner, Ch 4
9. March 22	J. S. Mill	Principles, Introduction, Book II, Book III, Ch 1, 2
March 24	J. S. Mill	Principles, Book III, Ch 17, 18, 26 Principles, Book IV, Ch 1-6, Book V, Ch 1, 11
10. March 29 & 31	Socialism	Heilbroner, Ch 5 Mill, Principles, Chapters on Socialism*
11. April 5	Marginalism, The Marginal Rev.	Blaug*, Jaffe* (HET site, essays, value theory, neoclassical)
April 7	Austrian Economics, Veblen, Institutional	Heilbroner, Ch 8
12. April 12	Alfred Marshall	Principles, Books I, III Humphrey* Ekelund and Hebert*
April 14	Alfred Marshall	Principles, Book V, Heilbroner, Ch 7
13. April 19	Women Economists	AEA Committee on the Status of Women in the Economics Profession, Annual Report, aeaweb.org
April 21	Modern Micro	Deane, Ch 10, 11*
14. April 26	J. M. Keynes	General Theory, Ch 1-3, 5-7, 8-10 Heilbroner, Ch 7
April 28	J. M. Keynes	General Theory, Ch 11-14, 16, 18-22, 24 Hicks*; DeVroey and Hoover*
15. May 3 & 5	Economic Theory in Retrospect	Piketty, Capital, Introduction* Heilbroner, Ch. 11
May 5	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).