

**DEPARTMENT OF ECONOMICS
COLORADO STATE UNIVERSITY**

ECON 505: HISTORY OF ECONOMIC THOUGHT

Fall 2017

Professor: Steven Pressman

Office: Clark 319A

Office hours: Mon, 11:20-noon, 1:00-2:30 pm & Wed 11:20-2:30 pm

Email: Steven.Pressman@colostate.edu and pressman@monmouth.edu

Class: Mon and Wed, 10:00 am – 11:15 am, Clark 307

Course Summary:

This course is an introduction to the history of economic thought. It presumes students are acquainted with standard economic theory (basic macroeconomics and microeconomics). Students who have not had this background are strongly encouraged to form study groups and quickly work through any standard intro textbook. The course will trace the roots of standard theory, which lie in Classical Political Economy (the work of Smith, Ricardo, Malthus, Marx and Mill), as well as some more modern approaches to understanding how economies function (Marxian Political Economy, Keynesian Economics, Institutional Economics, Austrian Economics).

Studying the history of economic thought is important on many levels. It is necessary for understanding the way economies (capitalist economies in particular) work. It provides a sense of direction to economic research. It is necessary for understanding the theoretical debate surrounding competing economic approaches as well as theoretical changes within economic approaches. It is also important for economists to be well rounded and to know how the economic theory that they use has actually developed over time.

Course Objectives:

1. To examine the different ways economists in the past have seen and interpreted the social and economic reality around them.
2. To discover the origins and study the evolution of the ideas of contemporary economics.
3. To learn about some competing ideas concerning how the economy works.
4. To understand the contemporary relevance of economic thought from the past.

Required Textbooks:

Steven Medema & Warren Samuels, *The History of Economic Thought: A Reader*, 2nd ed. (Routledge)
Karl Marx, *Wage Labor and Capital* and *Value, Price and Profit* (International)

Recommended Purchase:

Steven Pressman, *Fifty Major Economists*, 3rd ed. (Routledge, 2014)

Course Outline and Readings:

In a course like this, covering a broad sweep of history and economic theory, there is an enormous body of literature that I could assign. I have focused on things (textbooks and original sources) that you should be able to assimilate in around 6 hours or so per week—sometimes more and sometimes less.

There are three sorts of readings. First, you should read something from a standard history of thought textbook. I have listed some of the main ones below. These should provide a good introduction and summary to the ideas of key figures in economics. I have ordered some copies of my book because several students last year told me that it provided them with a good, clear introduction to the various figures we were learning about. This is a good starting point for you; however, you should read some more detailed secondary literature, especially when you are working on your papers. Second, you will need to carefully read of some of the main figures in the history of economic thought. These readings come primarily from the Medema & Samuels book. There is no substitute for reading the real thing and I expect you to read the real thing carefully. Third, I have listed some supplementary readings on each figure that is not listed in Medema & Samuels. These sources should be consulted if you become interested in a topic or person and want to pursue some idea. These readings are noted with asterisks. Think of these (as well as the suggestions in Medema & Samuels) as a starting point if you are interested in some figure or idea, or if you have a paper to write and want some good things to read to put you in the mood or at least help you think about writing something. You should also consult bibliographies and references in the standard textbooks listed below, and you should feel free to consult me about what might be good for you to read given your topic and your approach.

History of Thought Texts

Mark Blaug. *Economic Theory in Retrospect*. Cambridge University Press, 1977. A very good graduate-level textbook in the history of thought from a neoclassical perspective.

Robert Ekelund and Robert Hebert. *A History of Economic Theory and Method*. Waveland Press, 2013. The history of economics from a conservative/Austrian perspective. Like Landreth and Colander, this is more appropriate for an upper level undergraduate class than for a graduate class.

E.K. Hunt and Mark Lautzenheiser. *History of Economic Thought: A Critical Perspective*. Routledge, 2011. A radical or Marxist perspective on the history of economic thought.

Heinz Kurz. *Economic Thought: A Brief Introduction*. Columbia University Press, 2016. A simpler and shorter version of Roncaglia from an eminent Sraffian. It is good on the classical economists, Sraffa and the Cambridge Controversy. Less useful on marginalism, neoclassical economics and institutionalism.

Harry Landreth and David Colander. *History of Economic Thought*. South Western, 2001. Lively and somewhat controversial, but also a good textbook. Probably more appropriate for upper-level undergraduates than for a graduate class.

Steven Pressman. *Fifty Major Economists*. Routledge, 2013. This is a good introduction to the subject, but not really a graduate text. Useful for providing a short summary of key ideas and concepts and also for the list of further readings.

Ingrid Rima. *Development of Economic Analysis*. Routledge, 2009. This is a much less demanding version of Blaug; it is also considerably less neoclassical and more Post Keynesian and Institutionalist in its orientation.

Alessandro Roncaglia. *The Wealth of Ideas: A History of Economic Thought*. Cambridge University Press. A graduate-level history of thought textbook from a Sraffian perspective.

Guy Routh. *The Origin of Economic Ideas*. International Arts & Sciences Press, 1974. Iconoclastic and often very thought provoking, this is probably not the best book to use as your text but is a very good supplement to one of the other texts and a good place to go to if you are looking for paper ideas.

Joseph Schumpeter. *History of Economic Analysis*. Oxford University Press, 1996. One of the great works in the history of economic thought, but it is a bit too uneven to use for a graduate class textbook. It is insightful at one point and then very irritating the next moment. Like Routh, it is a good supplement to give you a slightly different perspective on things.

Readings from The History of Thought: A Reader and Other Readings

(1) Early Economic Thought

John Locke

William Petty

*C.B. Macpherson, *The Political Theory of Possessive Individualism* (Oxford University Press, 1962)

*Steven Pressman, "Justice and History: The Big Problem of Wilt Chamberlain," *Economic Issues* (March 2013), pp. 1-16.

(2) Quesnay and Physiocracy

Richard Cantillon

Francois Quesnay

Anne Robert Jacques Turgot

Steven Pressman, from Pressman (1994), to be distributed in class

*Steven Pressman, *Quesnay's Tableau Economique: A Critique and Reconstruction* (Kelley, 1994).

*Steven Pressman, "Francois Quesnay: The First Post Keynesian," *Post Keynesian Macroeconomics: Essays in Honor of Ingrid Rima*, ed. M. Forstater, G. Mongiovi & S. Pressman (Routledge, 2007), pp. 15-32.

*Liana Vardi, *The Physiocrats and the World of the Enlightenment* (Cambridge University Press, 2012)

(3) Adam Smith

Adam Smith

*Milton Friedman, "Adam Smith's Relevance for Today," *Challenge*, Mar/Apr 1977, pp. 6-12.

*Ryan Hanley (Ed.) *Adam Smith: His Life, Thought and Legacy* (Princeton University Press, 2016)

*Robert Heilbroner, "The Socialization of the Individual in Adam Smith," *History of Political Economy*, 1982, pp. 427-439

(4) Robert Thomas Malthus

Robert Thomas Malthus (**NOTE:** there are two different sets of readings from Malthus in two different places; you should read them BOTH)

*Alison Bashford & Joyce Chaplin, *The New Worlds of Thomas Robert Malthus* (Princeton University Press, 2016)

*William Grampp, Malthus and his Contemporaries, *History of Political Economy*, Fall 1974, pp. 278-304.

*Robert Mayhew, *Malthus: The Life and Legacies of an Untimely Prophet* (Belknap Press, 2014)

(5) David Ricardo

David Ricardo (**NOTE:** there are two different sets of readings from Ricardo in two different places; you should read them BOTH)

*Sir John Hicks, "Ricardo on Machinery" in *A Theory of Economic History* (Oxford University Press, 1969), pp. 168-71.

(6) Jeremy Bentham

Jeremy Bentham

*Jeremy Bentham, *The Panopticon Writings* (Verso Press, 2011)

*Wesley Mitchell, "Bentham's Felicific Calculus," *Political Science Quarterly*, June 1918, pp. 161-83.

*Benjamin Nelson, *The Idea of Usury* (Princeton University Press, 1949)

(7) John Stuart Mill (and economic methodology)

John Stuart Mill

John Stuart Mill, "On the Definition of Political Economy" (this is available online for free, since the copyright has long expired; here is one link: <http://www.efm.bris.ac.uk/het/mill/question.pdf>)

Milton Friedman, "The Methodology of Positive Economics" (in Medema & Samuels)

*Evelyn Forget, "John Stuart Mill's Business Cycle," *History of Political Economy*, Vol. 22, #4 (1990), pp. 629-642.

*J.S. Mill, *The Subjection of Women* (MIT Press, 1970)

*John Persky, *The Political Economy of Progress* (Oxford University Press, 2016)

*Pedro Schwartz, *The New Political Economy of J.S. Mill* (Duke University Press, 1972)

*George Stigler, "The Nature and Role of Originality in Scientific Progress," in *Essays in the History of Economics* (University of Chicago Press, 1965), pp. 1-15.

(8) Karl Marx

Karl Marx, *Wage, Labor and Capital and Value, and Profit*

Karl Marx

*Harry Braverman, *Labor and Monopoly Capital* (Monthly Review Press, 1974)

*Robert Heilbroner, *Marxism: For and Against* (Norton, 1980)

*Gareth Stedman Jones, *Karl Marx: Greatness and Illusion* (Belknap Press, 2014)

*Paul Sweezy, *The Theory of Capitalist Development* (Monthly Review Press, 1970)

(9) The Marginalists and Marshall

Stanley Jevons

Alfred Marshall

*Peter Groenwegen, *Alfred Marshall, 1842-1924*, 2nd ed. (Palgrave/Macmillan, 2016)

*Ingrid Rima, "Marshall's Concern about Poverty," *Review of Social Economy*, Winter 1990, pp. 413-35.

(10) The Austrians

Carl Menger

Eugen von Böhm-Bawerk

*Max Altman, *Carl Menger and the Origins of Austrian Economics* (Westview Press, 1990)

*M. Northrup Buechner, "Roundaboutness and Productivity in Böhm-Bawerk," *Southern Economic Journal*, October 1989, pp. 499-510.

*Randall Holcombe, *Advanced Introduction to the Austrian School of Economics* (Edward Elgar, 2014)

*Eugen Maria Schulak & Herbert Unterköfler, *The Austrian School of Economics* (Ludwig von Mises Institute, 2011)

*Joseph Schumpeter, "Eugen von Böhm-Bawerk, 1851-1914," in *Ten Great Economists: From Marx to Walras* (Oxford University Press), pp. 143-90.

*George Stigler, "The Economics of Carl Menger," *Journal of Political Economy*, April 1973, pp. 229-50

(11) The Institutionalists

John Commons

Thorstein Veblen

*Laurie Bagwell & Douglas Bernheim, "Veblen Effects in a Theory of Conspicuous Consumption," *American Economic Review*, June 1966, pp. 349-73.

*John Diggins, *The Bard of Savagery* (Seaburg Press, 1978)

*Joseph Dorfman, *Thorstein Veblen and His America* (Augustus Kelley, 1934)

*Stephen Edgell, *Veblen in Perspective* (M.E. Sharpe, 2001)

*Geoffrey Hodgson *Economics and Institutions* (University of Pennsylvania Press, 1994)

*Wesley Mitchell, "Thorstein Veblen," in *The Backward Art of Spending Money and Other Essays* (Augustus Kelley, 1950), pp. 279-312.

*Thorstein Veblen, *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation* (Macmillan, 1917)

*William Waller, "The Pragmatic State: Institutional Perspectives on the State," in *Alternative Theories of the State*, ed. S. Pressman (Palgrave/Macmillan, 2006), pp. 13-33.

(12) The Development of Macroeconomics

Knut Wicksell

Irving Fisher [in Medema & Samuels]

Irving Fisher, "The Debt-Deflation Theory of Depressions," *Econometrica*, October 1933, pp. 333-357.

[available through jstor]

John Maynard Keynes

Hyman Minsky, "The Financial Instability Hypothesis: An Interpretation of Keynes and an Alternative to the 'Standard' Theory," *Nebraska Journal of Economics and Business* (Winter 1977), pp. 5-16. [available at

http://digitalcommons.bard.edu/hm_archive/38/]

- *Dudley Dillard, *The Economics of J.M. Keynes* (Prentice Hall, 1948)
- *Gary Dymksi & Robert Pollin, "Hyman Minsky as Hedgehog: The Power of the Wall Street Paradigm," in *Financial Conditions and Macroeconomic Performance: Essays in Honor of Hyman P. Minsky*, ed. S. Fazzari & D. Papadimitriou (M.E. Sharpe, 1992)
- *Steven Pressman, "The Policy Relevance of *The General Theory*," *Journal of Economic Studies*, 1987, pp. 13-23.
- *Steven Pressman, "Keynes on Speculation," in *Perspectives on the History of Economic Thought*, Vol. II, ed. D. Walker (Edward Elgar, 1989), pp. 97-120.
- *Mario Seccareccia, "Wicksellian Norm, Central Bank Real Interest Rate Targeting and Macroeconomic Performance, in *The Political Economy of Central Banking*, ed. P. Arestis & M. Sawyer (Edward Elgar, 1998)
- *Robert Shiller, "Irving Fisher, Debt Deflation and Crises," *Journal of the History of Economic Thought*, June 2013, pp. 179-83.
- *Robert Skidelsky, *Keynes: Return of the Master* (Penguin Books, 2009)
- *"Symposium on the Theoretical Contributions of Knut Wicksell," *Scandinavian Journal of Economics*, 1978, pp. 127-249.
- *Carl Uhr, "Knut Wicksell- A Centennial Evaluation," *American Economic Review*, December 1951, pp. 829-60.
- *Michael Wapshott, *Keynes Hayek: The Clash That Defined Modern Economics* (W.W. Norton, 2011)
- *L. Randall Wray, *Why Minsky Matters* (Princeton University Press, 2016)

(13) Paper Presentations in Class

Course Requirements:

1. A short paper (around 5 pages) summarizing the views of one economist (from the readings I assigned) on one issue, and then explaining how and why this idea is useful today. You will each be responsible for presenting your paper to the class at the appropriate time. This paper should focus on the one idea of a particular economist that you have been assigned. It should summarize the main point and then provide a short commentary on the relevance of this idea.
2. A term paper of around 12-16 pages. This paper can compare two economists regarding some matter; it can trace some idea through history; or it can explore a particular idea of one historical economist. This paper can also be an expansion of your shorter paper. Before you begin on this paper, you **MUST** come see about your paper, with an outline and short bibliography. This can be done during my office hours or by contacting me and making an appointment with me at some other time. I am sure that I will have plenty of ideas and be able to suggest a few things for you to read so that you can pick a topic. I am also willing to look at outlines, abstracts, and even drafts of your paper (part of whole) during the semester. Last, but far from least, I am expecting that you will all do a great job and that these papers can then be revised and sent out for publication to a professional journal and/or provide the historical background to for a MA thesis or PhD dissertation.
3. A final exam. The final exam will cover all the readings that you were supposed to do and assimilate during the semester. It will be your job to show me that you have done the assigned readings and assimilated some of the main ideas in the history of economic thought.

Grading:

I will determine your final grade in the course the following way:

Short Paper—15%

Long Paper—35%

Final Exam-- 25%

Class Participation—15%

This adds up to 90%. I will add the extra 10% (so that this comes out to 100%) to whatever you do best on (i.e., your highest grade).