Economics 461
History of Economic Thought
Spring 2011

Professor: Randy R. Grant
Malthus 6D
503-883-2402
rgrant@linfield.edu

Meeting Place: Renshaw 206
Meeting Time: 9:30-10:20, MTWThF (yes, five (5) days a week)
Course email: 2011sp-econ41601@linfield.edu
Office Hours: Monday 1:30-3:30; Tuesday 1:15-2:45; and Wednesday 1:30-3:00pm, and by appointment. Changes will be announced via email or in class. You can also contact me via e-mail.

Texts:

Required: Stanley L. Brue and Randy R. Grant, *The Evolution of Economic Thought*, 7th edition, including the website that accompanies the text (http://brue.swlearning.com)

Supplemental:
Available in Nicholson Library (among others):
Blaug, Marc, *Economic Theory in Retrospect.*

Websites:
The New School for Social Research History of Economic Thought Website
http://www.newschool.edu/nssr/het/

The Nobel Foundation website (*Nobelprix.org*)
http://nobelprize.org/nobel_prizes/economics/

The McMaster University Archive for the History of Economic Thought (a good place to go for primary source material about the economists you’ll be studying)
http://socserv.mcmaster.ca/econ/ucgcm/3113/

Other materials may be put on reserve and assigned at appropriate times during the semester.

Prerequisites: Econ 411 or 412, or equivalent (may be taken concurrently). If you are enrolled concurrently in 411, have not already completed 412, and decide to withdraw from 411, you must also withdraw from this course. Alternative arrangements can be made with the professor.
Course Description:
This course traces the evolution of ideas about economic matters from antiquity to the present. It examines the development of the philosophical notion of “homo economicus” (economic man). As the course progresses through the study of different economists, students will develop proficiencies in the areas of:

1) Developing command of existing economic knowledge. By completing exams, participating in class discussions, and by researching and presenting summaries of the lives and contributions of prominent economists, students will demonstrate their command of existing knowledge in the field of economic thought.

2) Utilizing existing economic knowledge to explain economic issues: Through exams, participation, reflection papers, and summaries of the lives and works of prominent economists, students will gain the ability to utilize existing economic knowledge to explain economic issues.

This course is sometimes used as a "capstone" for an undergraduate degree in economics, and is best appreciated by those who have taken courses well beyond the principles level. Students will be exposed to the historical development of economic ideas and upon completion of the course should be able to intelligently discuss the important economists and their contributions to the discipline. Further, the successful student will understand the roots of modern economic thought and understand the connections between economic ideas and political and economic realities. Finally, tracing the development of economic theories should help the student synthesize the theoretical pieces gathered in prior courses.

Linfield Curriculum Designation: This course provides four credits toward fulfilling either the Vital Past (VP) or Ultimate Questions (UQ) area of the Linfield Curriculum.

Ultimate Questions:
1) Learn to articulate and evaluate unexamined assumptions and paradigmatic ways of acquiring knowledge.
Through readings, discussions, and reflection papers, students will examine the fundamental paradigms in economic thought, the specific models that have emerged from those paradigms, and the assumptions underlying those models and paradigms. Reflection papers and exams will require students to critically evaluate how various schools of economic thought conceptualize the world and the discipline.

2) Learn to analyze critically fundamental beliefs, cultural practices, and competing truth claims.
Through readings, discussions, and reflection papers, students will explore and critique the foundational values of the various schools of economic thought. Students will exam how each school of thought represents a different set of truth claims, sometimes sympathetic to other schools of thought, sometimes antagonistic.

3) Learn to develop greater self-knowledge and wisdom, the ability for meaningful dialogue, social responsibility and understanding.
Through readings, discussions, and reflection papers, student self-knowledge will be challenged and expanded. Fundamental ideas about economic behavior are at the core of the analysis, and students will discover what those views imply for their understanding of and responsibility to society. Exposure to a wide spectrum of economic thought will enhance the students’ ability to engage in and appreciate dialogue on important issues facing humanity.

4) Learn to appreciate questions that lead to deeper insights into our actions and the reasons for them.
Through readings, discussions, and reflection papers, students will learn to generate and respond to
questions that reach the core of human behavior. A subset of the reflection papers will specifically address the question of what drives human action. Proper examination of the various schools of thought requires investigation and comparison of ideas about “rational economic man.” Human identity, as evidenced by the religious and philosophical ideas and experiences reflected in the writings of economists, is central to the understanding of the development of economic ideas.

**Vital Past:**

1) **Learn how to analyze and contextualize primary sources**
Through readings and discussion of primary sources, students will examine and critique original ideas in economic thought, considering them within the context of contemporaneous events and earlier literature relevant to the discipline.

2) **Learn how to analyze and critique secondary, scholarly arguments about the past**
Through readings, discussion, reflection papers, and outline summaries, students will examine and critique competing economic interpretations of primary source writings pertaining to the history of economic ideas.

3) **Learn how to make an analytical or interpretive argument about the past**
Through readings, discussion, reflection papers, and outline summaries, students will critically assess the interaction of economic events and economic ideas, learning how the two shape and mutually reinforce each other. Students will examine, utilize, and explain key economic models within their historical context.

4) **Recognize that differences separate people past and present, though all people share a common humanity**
Through readings, discussion, and reflection papers, students will learn how certain fundamental economic problems and concepts are shared throughout human history, yet confronted and considered differently at different points in time. Students will learn that while core concepts remain intact, understanding of these concepts evolves as new circumstances challenge old paradigms. Problems such as what to produce and how to distribute it for the benefit of society as a whole are not unique to any particular time, place, or group, but are managed differently in different historical and cultural contexts.

5) **Understand the nature and limits of knowledge about the human past**
Through readings, discussion, reflection papers and outline summaries, students will identify what is both known and unknown about the evolution of the economic ideas over time, and how limitations on that knowledge sometimes lead economists to erroneous thinking about how economies function. One of the primary tasks of this course is to examine and link the development of ideas with events, institutions, practices, cultures, and governments. Even when economics attempts to construct timeless models, it is clear that the development of economic thought could not have occurred independently of an historical context.

"Facts do not cease to exist simply because they are ignored."
--Aldous Huxley
## Course Requirements

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<thead>
<tr>
<th>Contribution</th>
<th>Contribution to Final Grade</th>
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<tbody>
<tr>
<td>Exams 1 and 2</td>
<td>20%</td>
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<tr>
<td>Final Exam</td>
<td>25%</td>
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<tr>
<td>Outline-Summaries (3)</td>
<td>15%</td>
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<tr>
<td>Reflection papers (including reflective essay)</td>
<td>15%</td>
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<tr>
<td>Advance questions &amp; Exam questions</td>
<td>5%</td>
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<tr>
<td>Participation</td>
<td>20%</td>
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In addition, the instructor reserves the right to adjust the final grade up or down as much as 10%. This adjustment will be based primarily on attitude and attendance (more than two unexcused absences is cause for a downward adjustment). *This course adheres to the college policy on academic honesty, as published in the Linfield College Course Catalog.* Academic dishonesty may result in the student receiving a failing grade (F) for the course. It is the student's responsibility to know what constitutes academic dishonesty.

Students with disabilities are protected by the Americans with Disabilities Act and Section 504 of the Rehabilitation Act. If you are a student with a disability and feel you may require academic accommodations contact Cheri White, Assistant Director of Learning Support Services (LSS), within the first two weeks of the semester to request accommodations. LSS is located in Walker 124 (503-883-2444). Students should communicate with their faculty about their accommodations and any special needs an instructor should be aware of, and should make an appointment with the instructor as early as possible, no later than the first week of the term.

### Exams:

The first two exams will be in-class assessments comprised of both short and longer essay questions. Successful completion will require both knowledge of specific details and a sound understanding of the broader context and issues of the covered material. The final exam will contain both written and oral components. The written section will involve longer essay questions, and the oral section will focus more on specific details.

### Reflection Papers (and reflective essay):

Each week students will write a short (one page, single-spaced) paper reflecting on an issue important to the development of economic thought. Students should be prepared to discuss their papers during the Friday class session. Opportunities for revision will be given. The reflective essay (3-5 pages) will ask the student to demonstrate how course learning objectives were achieved. It will be completed toward the end of the semester.

### Advance Questions & Exam Questions:

For each chapter, students will write at least two (2) questions in advance of when we are scheduled to cover that chapter. Questions will be submitted electronically, using the class email alias (2011sp-econ46101@linfield.edu), at least 18 hours prior to the relevant class session. These questions should attempt to take the discussion to the next level, not simply prompt review of what of the text already covers. As you will be receiving your classmates’ questions in advance, it is expected that you will contemplate possible answers in preparation for our discussion. In addition, students will write one multiple choice question for each economist that we study. Include these with your advance questions; some of these may be used on the final exam at the end of the term.
Outline Summaries:

Each student will prepare and deliver three (3) outline summaries this semester. The material covered in these summaries is as likely to appear on examinations as any other material we cover.

Instructions:

1. For each economist, prepare a brief (10-15 minutes, depending on the economist), well-organized presentation (and written outline summary) which includes the following:
   
   a. A brief biographical sketch of the economist, including the context in which he or she wrote.
   
   b. Writers that may have influenced this economist (positively or negatively), and people whom this economist has influenced.
   
   c. Major contributions, including a bibliography of major works. **Be prepared to explain the theoretical contributions of the economist you’ve chosen.** Consult with the instructor in advance if you need help with the understanding or explanation.

2. Each report must be based on information from at least three sources. The outline summary and bibliography are to be turned in to the instructor by 9:30 A.M. the weekday before the report is to be given. You will need to make enough copies to provide one for each student and two (2) for the instructor. It is expected that the outline will contain information that goes beyond both the oral part of the presentation and the textbook. Samples will be provided.

3. Be prepared for questions following your formal presentation. **Your presentation should be professional in attitude and content** (although formal clothing is not expected), and the appropriate use of handouts and other visual aids is strongly encouraged. If graphs are appropriate, they should be embedded in the outline summary, but also be prepared to go to the board.

4. Some presentations may require significantly longer than 10-15 minutes, which is fine as long as the time is spent productively in detailing the contributions of the assigned economist. If you’re worried that your presentation will run long, consult with me when you turn in your outline summary the weekday before you present.

5. All members of the class are expected to be present for all oral reports. Be prepared to ask questions about the presentations of your fellow students. To keep the course on schedule, it is vital that you not miss your scheduled presentation. Students failing to show up on their scheduled day should expect to receive a failing grade for that assignment.

6. For each outline summary you are required to submit six (6) multiple choice questions for the final exam; answers must also be provided. There are six (6) question categories: “names,” “quotes,” “dates,” “theory,” “graphs,” and “miscellaneous.” Provide at least one question for each category.

7. Economists will be distributed on February 8th using a serpentine draft; come to class that day with an idea of which economists you would like to present. In establishing your list, take care to select from the different schools of thought (only one economist from any school of thought) and to spread your possible choices throughout the semester.
Quizzes:

Short quizzes may be given periodically throughout the semester. The questions may cover material studied in the previous week, as well as material addressed in the reading assigned for that day. Quiz scores will be built into the participation grade.

Class Participation:

Students are expected to participate actively in the learning process. Quality participation may be achieved by asking intelligent questions, and by offering well-reasoned input, both during lectures and discussions. Do not let the prior statement discourage you from participating. Questions are only stupid when the person asking has no serious interest in learning the answer. On the other hand, do not expect to receive a good participation grade simply by blurtung out questions and/or answers from left field. Your participation grade will be influenced by the level of respect given (or not given) to other students' questions or contributions. Attendance is an absolutely essential component of participation. You can’t participate if you don’t attend.

Friday sessions will be devoted primarily to in-depth discussions of topics/issues identified during the week, particularly those addressed in your reflection papers.

Grading Standards

After all points have been tabulated, anyone meeting the criteria below will receive no less than the grade indicated. Depending on circumstances, the instructor reserves the right (but is not obligated) to adjust these criteria in favor of the students.

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<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>A</td>
<td>93-100%</td>
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<tr>
<td>A-</td>
<td>90-92.9%</td>
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<tr>
<td>B+</td>
<td>88-89.9%</td>
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<td>B</td>
<td>83-87.9%</td>
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<tr>
<td>B-</td>
<td>80-82.9%</td>
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<tr>
<td>C+</td>
<td>78-79.9%</td>
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<td>C</td>
<td>73-77.9%</td>
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<tr>
<td>C-</td>
<td>70-72.9%</td>
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<tr>
<td>D+</td>
<td>68-69.9%</td>
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<tr>
<td>D</td>
<td>60-67.9%</td>
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<td>F</td>
<td>0-59.9%</td>
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In addition, the instructor reserves the right to adjust the final grade up or down as much as 10%. This adjustment will be based primarily on attendance (more than 3 absences are cause for a downward adjustment), attitude, and any unannounced quizzes or assignments.

Under no circumstances will a student earning less than 50% of the total possible points (pre-adjustment) be given a passing grade.

Assignments not turned in on the specified due dates will be graded down, at the instructor’s discretion, one full letter grade for each day they are late (i.e. A- to B-, not A- to B+).

Make-up policy: Make-ups are given at the instructor's discretion. They will be more difficult (in both the asking and the grading) and the format may not be what you are expecting. Interference with vacation plans is not a valid reason to miss a scheduled assignment or test. See “Attendance Policy” below.

Do not expect, nor should you ask for, extra credit assignments. Concentrate on doing your best on the planned assignments and exams.
Attendance Policy:

While I reserve the option to penalize you for poor attendance (see "Course Requirements" above), ultimately it is your choice as to whether or not you attend. As you know, as with all choices, there are opportunity costs to be considered. If your absence causes you to miss an assignment (e.g. a quiz), and if you want the opportunity to make up that assignment, you must submit, via email, an explanation for your absence. Your explanation must demonstrate a proper understanding of the concepts of economic decision-making, otherwise it will not be accepted. A graph is not required but may be included at your discretion. If your absence is due to an official college activity, you must submit your explanation prior to the class session you will be missing. If your absence is due to illness or some other unexpected event, call or send an e-mail message as soon as you know that you'll be missing class. Your full explanation can then be submitted upon your recovery and/or return.

Course Outline:

<table>
<thead>
<tr>
<th>Date</th>
<th>Chapter/Topic</th>
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<tbody>
<tr>
<td>Feb. 7</td>
<td>Course introduction, syllabus, Chapter 1</td>
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Unit I

In the first unit we look at economic ideas that were articulated before economics was a formal discipline. Specifically we look at the contributions of Greek philosophers, Medieval Arab-Islamic scholars, and the Judeo-Christian religion. In essence we are extracting bits and pieces from over 2000 years of philosophy and history to construct a sense of how economics was understood before there were economists.

Feb. 8 - 10  (Bonus chapters are found on the website that accompanies the textbook)

I. Economic ideas from before Economics was a discipline
   A. Economic Ideas from Ancient Greece (Bonus Chapter B, Feb. 9-10)
   B. Biblical Contributions (Bonus Chapter A, covering B-D, Feb. 10-11)
   C. Economic Concepts during the Middle Ages
   D. The Role of the Reformation

Unit II

While in the second unit we do not see economics recognized as a formal discipline, we retrospectively see that there were systematized ideas about how economies function, and about the proper role of government in influencing economic outcomes. We will examine the contributions of the Mercantilist and Physiocrat schools of economic thought, and begin to see how those formally defunct schools of economic thought still influence theory and policy today. We will also see what some of the forerunners to the Classical school had to say.
Feb. 14 - 21

II. Pre-Classical Economics
   A. Mercantilism (Chapter 2, Feb. 14-15)
   B. The Physiocrats (Chapter 3, Feb. 16-17)
   C. The Forerunners of the Classical School (Chapter 4, Feb. 17-21)

Unit III

In unit 3 we see economics formalized as a scholarly discipline. Here we study the Classical economists and the development of theory that is at the foundation of modern economic thought, and that underlies many of the beliefs of western culture. Central to the Classical school of thought is “homo economicus,” the rational, self-interested economic person around whom theory is based.

February 22 – March 4

III. Classical Economic Thought
   A. Adam Smith (Chapter 5, Feb. 22-23)
   B. Thomas Malthus (Chapter 6, Feb. 24)
   C. David Ricardo (Chapter 7, Feb. 28)
   D. Jeremy Bentham, J.B. Say, Nassau Senior, and John Stuart Mill (Chapter 8, Feb. 28-March 3)

March 4 Exam 1

Units IV and V

In units 4 and 5 we see a rejection of “homo economicus” and the capitalist economic system in which “he” lives. Disturbed by the dark side of economic systems based on the philosophy of laissez-faire, the Socialist and German Historical schools of thought attempt to offer both theoretical and practical alternatives, as well as questioning the very nature of human identity.

March 7 - 15

IV. The Socialist Reaction
   A. The Utopian Socialists (Chapter 9, March 7-8)
   B. Karl Marx and the Scientific Socialists (Chapter 10, March 9-10)

V. The German Historical Reaction (Chapter 11, March 14-15)

Unit VI

Unit 6, in part, brings us up to current economic thought. While some of the ideas developed by the Marginalist and Neo-Classical schools have been discredited, their theories form the foundation of mainstream economic thought, and their models appear in modern textbooks. The Marginalists provided the demand-side explanations that were missing from Classical economics. Neo-Classical economics is primarily the synthesis of Classical and Marginalist economic thought.
March 16 – April 14

VI. The Marginalists and the Neo-Classical School  
   A. Forerunners (Chapter 12, March 16-17)

March 21-25 Spring Break

   B. Jevons (Chapter 13, March 28)  
   C. Menger and the Austrians (Chapter 13, March 29-30)  
   D. Edgeworth and J.B. Clark (Chapter 14, March 31-April 4)  
   E. Alfred Marshall (Chapter 15, April 5-6)  
   F. Monetary (Chapter 16, April 7-11)  
   G. Imperfect Competition (Chapter 17, April 12-14)

Unit VII

Unit 7 examines the contributions of mathematics to economic theory. While mathematics has always had a place, recognized explicitly or not, it was with the work of economists such as Leon Walras, Wassily Leontief, and Antoine Cournot that mathematics became a central engine of inquiry for economists.

April 18-21

VII. Mathematical Economics (Chapter 18)

April 22 Exam 2

Unit VIII

In unit 8 we see that opposition to laissez-faire capitalism and the neo-classical model is far from dead. Perhaps more important than their challenge of the notion of the primacy of free markets is the institutionalist methodology. While the mainstream of economics was focused on atomistic quantitative analysis, institutionalists adopted a more holistic approach that reminds the rest of the discipline that history, culture, and difficult-to-quantify variables still matter.

April 25 - 26

VIII. The Institutionalists (Chapter 19)

Unit IX

Much of early economic thought is focused on explaining how economies work. Little is done formally to address the consequences of economic systems in terms of justice and equity. Welfare economics attempts to address these issues in a systematic way, without presupposing what the answers should be.

April 27 - 28

IX. Welfare Economics (Chapter 20)
Unit X

Prior to the Great Depression and the contributions of John Maynard Keynes, neo-classical economics was the clearly dominant paradigm. Keynes challenged the notion that a minimal role for government is best, instead arguing (and demonstrating through theory) that government intervention could produce positive outcomes, particularly in the macroeconomy. As with neo-classical thought, there are multiple offshoots of Keynesian economics, each representing different philosophical and theoretical interpretations of Keynes.

May 2 - May 11

X. The Keynesian School
   A. John Maynard Keynes (Chapter 21, May 2-3)
   B. Hansen, Lerner, and Samuelson (Chapter 22, May 4-9)
   C. Post-Keynesians and New Keynesians (Ch. 22, May 10-11)

Unit XI

A relatively new field in economics is the study of development and growth. As these theories draw from the varied intellectual traditions, both mainstream and heterodox, they are organized into their own chapter, rather than simply be attached to the recognized schools of thought.

May 12 - 16

XI. Economic Development and Growth (Chapter 23)

Unit XII

New Classicalism, as the name suggests, descends from neo-classical economics. Also known as the “Chicago School,” new classicalism is known for being on the “cutting edge” of economic theory. It addresses a wide variety of topics including traditional areas such as fiscal and monetary policy, as well as non-traditional areas of discrimination and family decision-making (marriage, divorce, child-bearing).

May 17 - 19

XII. New Classicalism (Chapter 24)

Unit XIII

In this last chapter we attempt to bring it all together to tie up any loose strands of thought. Some will be left loose as they are ongoing and continue to grow. For some of you this will be a point where you sit down, reflect, and decide what type of economist you are (or want to be). For some it may be a time of frustration as you wrestle with competing philosophies and theories, all having at least a margin of validity. Hopefully you will have a better insight as to where the discipline is, and where it appears to be headed.

May 19

XIII. The Evolution of Economic Thought:
       Retrospect and Prospect (Chapter 25)
May 25  Final Exam – written portion (Wednesday 8:00 AM)

The final exam will consist of two parts. The first part will contain essay questions and be completed individually. The second part contains a series or oral questions and may be completed in teams (date, time, and location TBA). Team assignments will be announced at the beginning of the final exam.

"...the ideas of economists and political philosophers, both when they are right and when they are wrong are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back."
--John Maynard Keynes

"Ideas are inherently conservative. They yield not to the attack of other ideas but to the massive onslaught of circumstances with which they cannot contend."
--John Kenneth Galbraith

"Education is like taking a bath. It's not over after the first one. You have to do it again and again."
--Anne Carpenter

"Obstinate ignorance is usually a manifestation of underlying political motives."
--Michal Kalecki

"It is the maxim of every prudent master of a family, never to attempt to make at home what it will cost him more to make than to buy. ... What is prudence in the conduct of every private family, can scarce be folly in that of a great kingdom."
--Adam Smith

"No man produces but with a view to consume or sell, and he never sells but with an intention to purchase some other commodity, which may be immediately useful to him or which may contribute to future production. By producing, then, he necessarily becomes either the consumer of his own goods, or the purchaser and consumer of the goods of some other person."
--David Ricardo

"An implicit obedience to the impulses of our natural passions would lead us into the wildest and most fatal extravagances; and yet we have the strongest reasons for believing that all these passions are so necessary to our being, that they could not be generally weakened or diminished, without injuring our happiness."
--Thomas Robert Malthus