

Econ G4235
Spring 2005

Columbia University
Department of Economics

A. Burgstaller
Lehman 6
ab411@columbia.edu

HISTORICAL FOUNDATIONS OF MODERN ECONOMICS: Adam Smith to J.M. Keynes

Content

The initial segment of the course offers a two-lecture overview of the history of economic thought, allowing students who have had no exposure at all to get up to speed. Barber's excellent short survey of the field will serve as the background reading. Thereafter, rather than seeking to cover in depth all the major themes and epochs, we will focus on four. Each of these is important for what economics has become and one, Aristotelian and scholastic economics, is rarely covered in similar courses (including, from its subtitle, past versions of the present one). Nonetheless, no major strand in the history of economics will be completely ignored, given the introductory segment as well as two bridging lectures on, first, mercantilism and physiocracy, and, second, the neoclassical revolution and the triumph of the neoclassical school. The four central topics will be Greek and medieval economic thought; the classical school from Smith through Marx; early marginalism and demand-and-supply theory; and pre-Keynesian monetary theory, the Keynesian revolution, and the macroeconomic origins of modern growth theory.

Prerequisites

Intermediate microeconomics (e.g. W3211) and intermediate macroeconomics (e.g. W3213).

Requirements and grading

So as to maximize active student involvement, thus pleasure and profit from the course, it will largely be run as a lecture-seminar hybrid. This means that three fourths of the weekly session will be lecture, the remainder being given over to a 15 min. student presentation accompanied by class discussion. The presentation will cover the first starred item under the corresponding lecture in the course outline below, that item always being an excerpt from a classic contribution anthologized in the reader by Medema and Samuels (MS henceforth). Given that enrollment is likely to exceed the number of available presentation slots, students will have the option of signing up to write a short five-page review of any of the other listed primary-source excerpts from MS or the Needy reader (N henceforth). As the presentation (or written review) and the extent of participation in class discussion will respectively count for 30% and 20% of the course grade, doing the required readings in advance of class is highly recommended. The remaining half of the course grade will come from a 10-15 page final paper on any topic related to the history of economic thought, provided it has been cleared by the instructor.

Readings

Required readings are marked with an asterisk in the course outline. Students are expected to purchase the books by Barber, Blaug, Medema/Samuels, Meikle, and Tawney. (Barber is out of print, but obtainable as a xeroxed copy from Village Copier. The other four books are available at Labyrinth.) Acceptable alternatives to Barber are Backhouse, Staley, or Dasgupta, to Blaug the book by Niehans or Screpanti/Zamagni. The asterisked articles by Langholm and Pasinetti will be distributed in class and all of the items listed are on reserve at the Business Library.

- Aristotle, *Nicomachean Ethics*, Ross et al., eds.(1998), Oxford
----- *Politics*, Reeve, C.D., ed. (1998), Hackett
Backhouse, R.E. (2002), *The Ordinary Business of Life: A History of Economics from the Ancient World to the Twenty-First Century*, Princeton
Barber, W. (1967), *A History of Economic Thought*, Penguin
Blaug, M. (1997), *Economic Theory in Retrospect*, Cambridge (5th ed.)
Dasgupta, A.K. (1985), *Epochs of Economic Theory*, Blackwell
Dobb, M. (1973), *Theories of Value and Distribution since Adam Smith*, Cambridge
Heilbroner, R. (1999), *The Worldly Philosophers*, Simon&Schuster (7th ed.)
Keynes, J.M., *The General Theory of Employment, Interest, and Money*
Kurz, H.D. and N. Salvadori (1995), *Theory of Production: A Long-Period Analysis*,
Cambridge
Laidler, D. (1999), *Fabricating the Keynesian Revolution*, Cambridge
Laistner, M. (1923), *Greek Economics*, Dent
Landreth, H. and D. Colander (2002), *History of Economic Thought*, Houghton (4th ed.)
Langholm, O. (1979), *Price and Value in the Aristotelian Tradition*, Oslo
----- (1983), *Wealth and Money in the Aristotelian Tradition*, Oslo
----- (1998), *The Legacy of Scholasticism in Economic Thought*, Cambridge
Lowry, T. and B. Gordon, eds. (1998), *Ancient and Medieval Economic Ideas and Concepts of Social Justice*, Brill
Mäki, U., ed. (2001), *The Economic World View: Studies in the Ontology of Economics*,
Cambridge
Malthus, T., *An Essay on the Principle of Population*
Marx, K., *Capital, Volume I*
Medema, S.G. and W.J. Samuels, eds. (2003), *The History of Economic Thought: A Reader*, Routledge
Mehrling, P. (1997), *The Money Interest and the Public Interest*, Harvard
Meikle, S. (1995), *Aristotle's Economic Thought*, Oxford
Needy, C., ed. (1980), *Classics of Economics*, Moore
Niehans, J. (1990), *A History of Economic Theory*, Johns Hopkins
Pasinetti, L. (1974), *Growth and Income Distribution*, Cambridge
Ricardo, D., *The Principles of Political Economy and Taxation*
Robbins, L. (1998), *A History of Economic Thought: The LSE Lectures*, Princeton
Roll, E. (1992), *A History of Economic Thought*, Faber&Faber (5th ed.)
Rotwein, E., ed. (1955), *David Hume: Writings on Economics*, Wisconsin
Schumpeter, J. (1954), *A History of Economic Analysis*, Oxford

Screpanti, E. and S. Zamagni (1993), *An Outline of the History of Economic Thought*, Oxford
 Smith, A., *An Inquiry into the Nature and Causes of the Wealth of Nations*
 Staley, C. (1989), *A History of Economic Thought: From Aristotle to Arrow*, Blackwell
Tawney, R. (1926), *Religion and the Rise of Capitalism*, Transactions (pb. reprint)
 Walsh, V. and H. Gram (1980), *Classical and Neoclassical Theories of General Equilibrium*, Cambridge

Course outline

1. 1/20 INTRODUCTION: Course organization; remarks on the philosophy of social science

2. 1/27 OVERVIEW I: From preclassical economics to the end of the classical school
 - *Barber, Parts I-II (chs. 1-5)
 - Backhouse, chs. 1-7
 - Staley, chs. 1-11
 - Dasgupta, chs. 1-5

3. 2/3 OVERVIEW II: From the neoclassical revolution to modern micro- and macroeconomics
 - *Barber, Parts III-IV (chs. 6-8)
 - Backhouse, chs. 8-14
 - Staley, chs. 12-21
 - Dasgupta, chs. 6-9

4. 2/10 ARISTOTELIAN AND SCHOLASTIC ECONOMICS I: Aristotle
 - *Aristotle, *Politics* (Bk.I/1-11, esp. 8-10) and *Nicomachean Ethics* (Bk.V/5): MS5-15
 - *Meikle, Introduction, chs. 1-9
 - , Quality and quantity in economics: the metaphysical construction of the economic realm, in Mäki
 - Lowry, T., The economic and jurisprudential ideas of the ancient Greeks, in Lowry/Gordon
 - Roll, ch. 1

5. 2/17 ARISTOTELIAN AND SCHOLASTIC ECONOMICS II: The Schoolmen
 - *Aquinas, *Of the Sins of Usury*: MS24-29
 - *Langholm, O., The medieval Schoolmen (1200-1400), in Lowry/Gordon
 - *Tawney, Introduction, Preface, chs. 1-5
 - Langholm, *Price and Value...*
 - *Wealth and Money...*
 - *The Legacy...*
 - Roll, ch. 1

6. 2/24 MERCANTILISM AND PHYSIOCRACY
 - *Locke (1691), *Some Considerations [on] Interest [and] the Value of Money*: MS63-77
 - *Blaug, ch.1
 - Niehans, chs. 3-6
 - Screpanti/Zamagni, ch. 1
 - Mun, T. (1664), *England's Treasure by Forraign Trade* (MS)
 - Petty, W. (1662), *A Treatise of Taxes and Contributions* (MS)
 - Quesnay, F. (1759), *Tableau Economique* (MS)
 - Cantillon, R. (1755), *Essay on the Nature of Commerce in General* (MS)

7. 3/3 CLASSICAL ECONOMICS I: Smith
 - * Smith, A. (1776), *The Wealth of Nations*, Book I: MS156-165
 - *Blaug, ch. 2
 - Niehans, ch. 7
 - Screpanti/Zamagni, chs. 2.2, 2.3
 - Hume, D. (1752), *Of Money; Of Interest; Of the Balance of Trade* (MS)

8. 3/10 CLASSICAL ECONOMICS II: Malthus and Ricardo
 - *Ricardo, D. (1817), On foreign trade, ch.7 of *Principles of Political Economy and Taxation*: MS282-290
 - *Blaug, chs. 3-4
 - Niehans, chs. 8-9
 - Screpanti/Zamagni, ch. 3.1
 - Malthus, T.R. (1798), *An Essay on the Principle of Population* (MS)
 - Say, J.B. (1803), *Treatise on Political Economy* (MS)
 - Thornton, H. (1802), *An Enquiry into the Nature and Effects of the Paper Credit of Great Britain* (MS)

9. 3/24 CLASSICAL ECONOMICS III: Marx
 - *Marx, K. (1859/1867), *A Contribution to the Critique of Political Economy and Capital*, Vol.I: MS375-407
 - *Blaug, ch. 7
 - Niehans, ch. 12
 - Screpanti/Zamagni, ch. 4

10. 3/31 EARLY MARGINALISM AND DEMAND-AND-SUPPLY THEORY: Mill, Dupuit, Thünen, Cournot, Gossen
 - *Mill, J.S. (1848), *Principles of Political Economy*: MS335-367
 - *Blaug, chs. 6, 8
 - Niehans, chs.11, 13-16
 - Screpanti/Zamagni, chs. 3.2-3.3
 - Cournot, A. (1838), Of the law of demand, from *Researches into the Mathematical Principles of the Theory of Wealth* (N)

11. 4/7 THE NEOCLASSICAL REVOLUTION AND THE FLOWERING OF THE NEOCLASSICAL SCHOOL
- * Marshall, A. (1890), *Principles of Economics*: MS504-521
 - *Blaug, chs. 9-13
 - Niehans, chs.17-22
 - Screpanti/Zamagni, chs. 5-6
 - Jevons, W.S. (1871), *The Theory of Political Economy* (MS)
 - Menger, C. (1871),*Principles of Economics* (MS)
 - Walras, L. (1871), *Elements of Pure Economics* (MS)
 - Edgeworth, F.Y. (1881), *Mathematical Psychics* (MS)
 - Böhm-Bawerk, E. (1888), *The Positive Theory of Capital* (MS)
 - Clark, J.B. (1899), *The Distribution of Wealth* (N)
 - Wicksteed, P. (1910), *The Common Sense of Political Economy* (N)
 - Pareto, V. (1906), *Manual of Political Economy* (N)
 - Pigou, A.C. (1920), *The Economics of Welfare* (N)
 - Chamberlin, E.H. (1933), *The Theory of Monopolistic Competition* (N)
 - Hicks, J.R. (1939), *Value and Capital* (N)
12. 4/14 MONEY AND MACROECONOMICS I: The early quantity theory and pre-Keynesian macroeconomics
- *Wicksell, K. (1907), The influence of the rate of interest on prices: MS557-561
 - *Blaug, chs. 5, 15
 - Laidler, chs. 1-7
 - Niehans, chs. 6,10,23
 - Screpanti/Zamagni, chs. 3.4, 7.1
 - Fisher, I. (1911), *The Purchasing Power of Money* (MS)
13. 4/21 MONEY AND MACROECONOMICS II: The Keynesian revolution, the IS-LM model and the neoclassical synthesis, modern monetarism
- *Keynes, J.M. (1937), The general theory of employment (from QJE): MS596-602
 - *Pasinetti, The economics of effective demand, in Pasinetti Mehrling, Parts I-II
 - Laidler, chs. 8-13
 - Blaug, ch. 16
 - Niehans, chs. 27, 34, 36
 - Screpanti/Zamagni, chs. 7.2, 7.3, 9
 - Keynes, J.M. (1926), The end of laissez-faire (MS)
 - (1936), The General Theory of Employment, Interest and Money, ch. 24 (MS)
 - Hicks, J.R. (1937), Mr. Keynes and the Classics: A suggested interpretation (N)
14. 4/28 MONEY AND MACROECONOMICS III: The macroeconomic origins of modern growth theory
- *Pasinetti, From classical to Keynesian economic dynamics, in Pasinetti Niehans, ch. 33

**ECON G4235: SCHEDULE FOR STUDENT PRESENTATIONS
AND REVIEW PAPERS**

Febr. 10: Aristotle

Presentation:

Febr. 17: Aquinas

Presentation:

Febr. 24: Locke

Presentation:

Review papers:

March 3: Smith

Presentation:

Review papers:

March 10: Ricardo

Presentation:

Review papers:

March 24: Marx

Presentation:

March 31: J.S. Mill

Presentation:

Review papers:

April 7: Marshall

Presentation:

Review papers:

April 14: Wicksell

Presentation:

Review papers:

April 21: Keynes

Presentation:

Review papers:

April 28: No presentation/review papers