

Syllabus Economics 8500
History of Economics
Spring 2021

Prof. Spencer Banzhaf.
Georgia State Univ.

This course is intended for graduate students in economics, political science, or other related fields. It is a survey of the history of economics and economic ideas.

Office Hours & Contact

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Office hours are immediately after class (in person) or Monday afternoon (by zoom). I also am available by phone or zoom meetings other times, as needed.

Texts:

*Steven Medema and Warren J. Samuels, eds., *The History of Economic Thought: A Reader*, 2nd ed., 2013, Routledge.

*Henry William Spiegel, *The Growth of Economic Thought*, 3rd ed., 1991, Duke University Press.

The Medema-Samuels [M-S] text is a reader with selections from primary sources. These are the key sources for the course, and should always be brought to class.

Spiegel's book provides secondary background and commentary. It is quite encyclopedic, providing outstanding breadth but less depth. It should be read in that spirit – for background and context -- and used as a reference book.

There will be other readings assigned or suggested outside the textbook, especially recent secondary sources that provide rich, historical context and interpretation.

There will be a large volume of reading in this class. The readings should be approached in a different spirit from that which your other economics classes demand from you. Texts should be read quickly for the big picture, with intense, close reading only at decisive points.

For engaging discussion outside class, students may be interested in the podcast, "Smith and Marx walk into a bar."

Assignments:

There will be written assignments due most weeks, some smaller than others. Written assignments are of three types.

1. Reading Reports.

In three reading reports (due at different dates based on your last name) you will thoughtfully discuss the assigned readings for the week, focusing on the original texts read in context. These essays should engage the original material, not summaries or comments on secondary sources. You should make an argument—not a statement of fact, but an interpretation—about what an author is saying on a particular point of your choice. Alternatively, you could compare and contrast two or more authors. You should support your argument persuasively with evidence from the readings. These should be 2-4 pages, double spaced, 12-point font.

2. Book review.

You will choose one book to read from outside the reading list and write a review of it, due at the end of the semester. The review should summarize the book and criticize it in the context of the existing literature. It should be 2-4 pages, double spaced.

You should approve your book with me (this can be done by email). Legitimate choices include almost any scholarly, historical work in the history of economics (or indeed history of statistics or science with barring on economics), including biographies, essays about individuals, and works on sweeping themes, but not textbooks nor books studying historical episodes from an (ahistorical) economics perspective, nor old classics that would be the subject of a history. A list of pre-approved recommended titles is available on iCollege, but you are not limited to this list by any means. To reduce workload, I recommend a book that is a source for your theme paper.

3. Thematic paper.

Over the course of the semester, each student will pursue a theme of interest, one that runs through the material covered by the course. You may, for example, choose a theme related to your dissertation, but this need not be the case. The theme essays due over the course of the semester should be thought of as "installations" of your final paper. Rough examples of areas of interest might include the role of religion in economic thought; the role of natural science; tensions between deductive and inductive approaches; the role of government in the economy; externalities and public goods; determinants of wages; Chinese economics; etc.

Students should first clear their topic with me by **Jan 27th** during a short meeting. The papers will cover your theme in three segments: (i) up through roughly 1870; (ii) roughly 1870 – 1940; (iii) roughly 1940 – 1980. The first two will be turned in as interim papers. These will then be revised and integrated with the third segment for your final paper. Each installment should be 7-10 pages, double spaced, with 12-point font, not including references or figures. The final paper should be 20-30 pages on the same terms.

As with the reading reports, the thematic papers must engage the primary sources from the period covered. Theme essays prepared entirely from secondary sources are not acceptable. Nevertheless, you will want to use secondary sources for additional background and context, and to engage others' interpretations.

A note on writing, referencing, and academic honesty

This class, like the rest of our careers, will involve a lot of writing. For those who struggle with writing in English, recommended books on how to write well include J. Williams, *Style: Ten Lessons in Clarity and Grace*; W. Strunk and E.B. White, *The Elements of Style*; and D.N. McCloskey, *The Writings of Economics*.

It is critical that you give proper attribution to the original sources you use as well as secondary commentaries. Please see GSU's guide on avoiding plagiarism:
<https://research.library.gsu.edu/c.php?g=666018&p=4683513>

Citations should use the in-text author-date method, with references at the end. Please consult any of our readings from *HOPE* or *JHET* as models. Examples, taken from the JHET webpage, for references to a journal article, book, and edited book are as follows:

Blaug, Mark. 1990. "On the Historiography of Economics." *Journal of the History of Economic Thought* 12 (1): 27-37.

George, Henry. [1886] 1941. *Protection or Free Trade: An Examination of the Tariff Question, With Especial Regard to the Interests of Labor*. New York: Robert Schalkenbach Foundation.

Quensay, Francois. [1758] 2013. "Tableau Economique." In *The History of Economic thought: A Reader*, ed. by Steven G. Medema and Warren J. Samuels. London: Routledge, pp. 108-13.

References to writings from historical figures taken from the Medema-Samuels reader should reference the original author, with Medema & Samuels as editors (see third example above).

All students are expected to know the university policy on Academic Honesty:
(<http://www2.gsu.edu/~wwwfhh/sec409.html>)

Grades:

Grades will be based on:

A thematic paper:	47% of total (2% on-time approval of topic, 10% each for two intermediate sections, 25% for final project)
Four reading reports:	4% each
Book review:	7%
Two quizzes:	10% each
Class participation:	10%

Note: class participation will be an important part of class. You can prepare by doing the readings in advance and by contributing the thoughts you have developed in your written assignments.

Readings

Abbreviations:

M-S	S. Medema and W.J. Samuels, <i>The History of Economic Thought: A Reader</i>
HOPE	<i>History of Political Economy</i>
JHET	<i>Journal of the History of Economic Thought</i>

Jan 12. Introduction

- Spiegel, Introduction
- Caldwell, Bruce, 2013, "Of Positivism and the History of Economic Thought," *Southern Economic Journal* 79(4): 753-67.
- Bateman, Bradley, 2002, "Sitting on a Log with Adam Smith," in *The Future of the History of Economics*, ed. by E. Roy Weintraub, Duke U press: 17-34.

Jan 14. Two thousand years of economic thought in one day

- Spiegel, Chs. 1-5
- Readings from Aquinas and Mun: M-S pp. 16-50

Jan 19 Two medical doctors

- Spiegel, Ch. 8 plus pp. 226-8
- François Quesnay, *Tableau Economique*, M-S pp. 106-13
- Bernard Mandeville, *The Grumbling Hive*, M-S pp. 131-41
- Banzhaf, H. Spencer, 2000, "Productive Nature and the Net Product: Quesnay's Economies Animal and Political," *HOPE* 32(3): 517-51.

Jan 21-28 Adam Smith

Jan 21: Smith and sympathy

- Spiegel, Ch. 10
- Adam Smith, *Theory of Moral Sentiments*, I.i.1, I.i.2, I.i.5, IV.1 (posted)
- D.D. Raphael & A.L. Macfie, 1976, "Introduction" [to *Theory of Moral Sentiments*], pp. 1-15 ("Formation...").

Jan 26: Smith and the foundations of classical political economy

- Spiegel Ch. 11
- Adam Smith, *Wealth of Nations*, excerpts, M-S pp. 168-96

Jan 28: Das Adam Smith Problem

- D.D. Raphael & A.L. Macfie, 1976, "Introduction" [to *Theory of Moral Sentiments*], pp. 15-25 (Evolution).
- Paganelli, Maria Pia, 2008, "The Adam Smith Problem in Reverse: Self-Interest in Wealth of Nations and Theory of Moral Sentiments," *HOPE* 40(2): 365-82.

Feb 2: R. Malthus and the Principle of Population

- Spiegel Ch. 12.
- Malthus, *An Essay on the Principle of Population*, excerpts, M-S pp. 210-25.
- Jonsson, Fredrik Albritton, 2013, "Overpopulation and Extirpation," Ch. 8 from *Enlightenment's Frontier: The Scottish Highlands and the Origins of Environmentalism*.

Feb 4: D. Ricardo and Malthus on the theory of value and on Say's Law

- Spiegel pp. 285-99, Ch. 14.
- Ricardo, *On the Principles of Political Economy & Taxation*, excerpts, M-S pp. 265-301.
- Malthus, *Principles of Political Economy*, excerpts, M-S pp. 302-23.

Feb 9 J.S. Mill

- Spiegel, pp. 339-45, Ch. 16
- Mill, *Principles of Political Economy*, excerpts, M-S pp. 348-85

Feb 11, 16 Karl Marx

- Spiegel: quick skim of Chs 18-19 [Historicism, Hegel, Schmoller, Methodenstreit, French socialism, Proudhon],
- Spiegel, Ch. 20
- Marx, *Das Kapital*, excerpts, M-S pp. 397-428

Feb 18-25 Marginal "Revolution"

Feb 18: Jevons, Menger, and J.B. Clark

- Spiegel Chs. 22-23, pp. 618-21
- Jevons, *The Theory of Political Economy*, excerpts, M-S pp. 432-62

Feb 23: Walras & Marshall

- Spiegel, pp. 547-55, 562-74
- Marshall, *Principles of Economics*, excerpts, M-S pp. 526-47
- Optional: Walras, *Elements of Pure Economics*, excerpts, M-S, pp. 483-99

Feb 25: Neoclassical Revolution: Catch-up and General Discussion

- Mirowski, Philip, 1984, "Physics and the 'Marginalist Revolution,'" *Cambridge Journal of Economics* 8: 361-79.
- Weintraub, E. Roy, 2002, "Burn the Mathematics (Tripos)," Ch. 1 from *How Economics became a Mathematical Science*

March 2 Midterm quiz

March 4, 9 American Institutionalism

- Spiegel, pp. 628-42
- Thorsten Veblen, *Theory of the Leisure Class*, selections, MS pp. 641-80
- John R. Commons, *Institutional Economics*, selections, MS pp. 681-90.
- Kaufman, Bruce E., 2017, "The Origins and Theoretical Foundation of Original Institutional Economics Reconsidered." *JHET* 39(3): 293-322.
- Leonard, Thomas C., 2016, "Excluding the Unemployable," Ch. 8 from *Illiberal Reformers: Race, Eugenics, and American Economics in the Progressive Era*, Princeton U. Press.
- Bateman, Bradley W., and Ethan B. Kapstein, 1999, "Retrospectives: Between God and the Market: The Religious Roots of the American Economic Association," *Journal of Economic Perspectives* 13(4): 249-57.

March 11 Keynes and Keynesianism

- Spiegel Ch. 26
- Keynes, 1937, "The General Theory of Employment," in M-S, pp. 626-633

SPRING BREAK

March 23 Robbins's Definition of Economics

- Spiegel, pp. 586-7
- Lionel Robbins, *Essay on the Nature & Significance of Economic Science*, 2nd ed.
--All chapters, except skip Ch. 3.
--Make sure you have the 2nd ed. The full text is available here:
<https://is.muni.cz/el/1423/jaro2013/HEN444/um/Robbins-1932.pdf>

March 25, April 1 Consumer Theory: Ordinalism, Revealed Preference, and the Modern Synthesis.

March 25: Ordinalism

- Spiegel, pp. 556-61, 621-8
- Colander, David, 2007, "Retrospectives: Edgeworth's Hedonimeter and the Quest to Measure Utility," *JEP* 21(2): 215-25.
- Bruni, Luigini, and Francesco Guala, 2001, "Vilfredo Pareto and the Epistemological Foundations of Choice Theory," *HOPE* 33(1): 21-49.

March 30: Chicago School, Revealed Preference

- Samuelson, Paul A., 1938, "A Note on the Pure Theory of Consumer's Behaviour," *Economica* 5: 61-71.
- Mirowski, Philip, and D. Wade Hands, 1998, "A Paradox of Budgets: The Postwar Stabilization of American Neoclassical Demand Theory," in *From Interwar Pluralism to Postwar Neoclassicism*, ed. by M.S. Morgan and M. Rutherford, Duke U. Press, pp. 260-292.

April 1: Psychology and economics

- Bruni, Luigino, and Robert Sugden, 2007, "The Road Not Taken: How Psychology was Removed from Economics, and How it Might be Brought Back," *Economic Journal* 117: 146-173.
- Hands, D. Wade, 2010, "Economics, Psychology, and the History of Consumer Choice Theory," *Cambridge Journal of Economics* 34: 633-48.

April 6 The Socialist Calculation Debate

- Lange, Oskar, 1936-7, "On the Economic Theory of Socialism, Part One," *Review of Economic Studies*, 4(1): 53-71.
- Hayek, Friedrich von, 1945, "The Use of Knowledge in Society," *AER* 35(4): 519-30.
- Optional: Caldwell, Bruce, 1997, "Hayek and Socialism," *JEL* 35: 1856-90.

April 8 Econometrics and "Identification"

- Morgan, Mary, *The History of Econometric Ideas*, 1991, Cambridge U Press, Ch. 6 ("Evolution of Identification Questions") and Ch. 8 ("Haavelmo's Probability Model").
- Boumans, Marcel, 2014, "Haavelmo's Epistemology for an Inexact Science," *HOPE* 46(2): 211-29.

- April 13 Cowles and NBER: Measurement-without-Theory Debates, then and now
- Koopmans, Tjalling, 1947, "Measurement without Theory," *RESTAT* 29(3): 161-72.
 - Vining, Rutledge 1949, "Koopmans on the Choice of Variables to be Studied and of Methods of Measurement," *RESTAT* 31(2): 77-86.
 - Boumans, Marcel, 2016, "Friedman and the Cowles Commission," in *Milton Friedman: Contributions to Economics and Public Policy*, ed. by Robert Cord and J. Daniel Hammond, Oxford U Press.
 - Heckman, James J., and Sergio Urzua, 2010, "Comparing IV with structural models: What simple IV can and cannot identify," *Journal of Econometrics* 156: 27-37.
 - Imbens, Guido W., 2010, "Better LATE than Nothing: Some Comments on Deaton (2009) and Heckman and Urzua (2009)." *JEL* 48: 399-423.
- April 15 Gary Becker and Economic Imperialism
- Becker, Gary, 1965, "A Theory of the Allocation of Time," *Economic Journal* 75: 493-517.
 - Fleury, Jean-Baptiste, 2012, "Wandering through the Borderlines of Social Science: Gary Becker's *Economics of Discrimination*," *HOPE* 44: 1-40.
 - Backhouse, Roger E., Steve G. Medema. 2009. "Defining Economics: The Long Road to Acceptance of the Robbins Definition." *Economica* 76: 805-20.
 - Stigler, George J. 1984. "Economics: The Imperial Science?" *Scandinavian Journal of Economics* 86: 301-13.
- April 20 Environmental Economics
- Krutilla, John V. 1967. "Conservation Reconsidered." *AER* 57(4): 777-86.
 - Banzhaf, H. Spencer, 2019, "The Environmental Turn in Natural Resource Economics: John Krutilla and 'Conservation Reconsidered,'" *JHET*.
 - Banzhaf, H. Spencer, 2010, "Consumer Surplus with Apology: A Historical Perspective on Nonmarket Valuation and Recreation Demand," *Annual Review of Resource Economics* 2: 183-207.
- April 22 Experimental Economics
- Muniesa, Fabian, and Michel Callon, 2007, "Economic Experiments and the Construction of Markets," in *Do Economists Make Markets? On the Performativity of Economics*, ed. by D. MacKenzie, F. Muniesa, and L. Siu, Princeton U Press, 163-89.
 - Svorenčík, Andrej, 2015, "The Experimental Turn in Economics: A History of Experimental Economics," mimeo.
- May 4 Final "exam" [quiz] 1:30 - 3:00

Assignment Due Dates

Jan 21	1 st reading report, last name A-K
Jan 28	1 st reading report, last name L-Z
Feb 4	2 nd reading report, A-K
Feb 11:	2 nd reading report, L-Z
Feb 18	3 rd reading report, A-K
Feb 25:	1 st theme essay due (up through ~1870)
March 2:	quiz
March 11	3 rd reading report, L-Z
March 25:	2nd theme essay due (1870-1940)
April 1:	4th reading report, A-K
April 8:	4th reading report, L-Z
April 15:	Book review due
April 23:	Final papers due Fri 5 PM
May 4:	Final "exam" (quiz) -- 1:30 PM - 3:00 PM

Course Learning Outcomes:

The main learning outcome of the course is that students will understand the history of economics. Specifically, the student should be able to:

1. Understand the broad historical features of different periods and schools of thought, including the pre-classical period, classical period, neoclassical period, and modern period; historical schools and marginalist schools, etc.
2. Understand the importance, for particular economic accounts, of various interpretations of man--as creature of a personal God, virtuous higher animal, animal, machine, computer, etc.
3. Understand various approaches to value theory and the distribution of wealth, including the physiocrats, Smith, classical authors (Malthus, Ricardo, Mill, Marx), and neoclassical authors.
4. Understand various approaches to post-war theory of the consumer, including the approaches of the Chicago School, Cowles, and Samuelson.
5. Be able to discuss the role of the state in producing economic knowledge.

Disclaimer: The course syllabus provides a general plan for the course; deviations may be necessary.