

History of Economic Analysis

Pavel Kuchař, Fall 2014

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Tuesdays and Thursdays 7:00 am – 9:00 am

Room B-101, DCEA, University of Guanajuato

Does economics have a useful past? Or is it the case that all truly important contributions of the past are incorporated in our present theory? Is the discovery of the errors made by earlier thinkers a waste of time? In this course we will examine the efficiency of the market for ideas. We will see that there are arguments in the work of earlier thinkers which remain unincorporated in our contemporary theory and which, once incorporated, can improve our understanding of matters.

After taking this course students will be better able to contextualize economic concepts and to recognize how different schools of thought contributed to our present economic theory. Students will improve their skills in reading original economic texts, improve their critical thinking and develop their ability to discuss and persuasively argue about economic concepts.

Before entering this course students will have passed the Área I courses and level IV English language exam or have reached the corresponding TOEFL score.

Literature

Heilbroner, Robert L. *The Worldly Philosophers: The Lives, Times, and Ideas of the Great Economic Thinkers*. Revised. New York: Touchstone Pr, 1999.

Schumpeter, Joseph A., Elizabeth Boody Schumpeter, and Mark Perlman. *History of Economic Analysis: With a New Introduction*. Revised edition. New York: Oxford University Press, 1996.

Medema, Steven G, and Warren J Samuels. *The History of Economic Thought a Reader*. London; New York: Routledge, 2003.

Spiegel, Henry William, and Ann Hubbard. *The Growth of Economic Thought, 3rd Ed.* 3rd edition. Durham: Duke University Press, 1991.

Blaug, Mark. *Economic Theory in Retrospect*. 5 edition. Cambridge; New York: Cambridge University Press, 1997.

Caldwell, Bruce. *Hayek's Challenge: An Intellectual Biography of F.A. Hayek*. University of Chicago Press, 2008.

Topics

1) Introduction. Does Economics Have a Useful Past?

Booth, Wayne C, Gregory G Colomb, and Joseph M Williams. Making Good Arguments (ch. 7), Making Claims (ch. 8), Assembling Reasons and Evidence (ch. 9) in *The Craft of Research*. Chicago: University of Chicago Press, 2003.

Cowen, Tyler. The Postcard Test, The Grandma Test and The Aha Principle (p. 7) in *Discover Your Inner Economist: Use Incentives to Fall in Love, Survive Your Next Meeting, and Motivate Your Dentist*. 1st ed. Plume, 2008.

McCloskey, D. N. *Economical Writing, Second Edition*. 2nd ed. Waveland Pr Inc, 1999.

Stigler, George J. "Does Economics Have a Useful Past?" *History of Political Economy* 1, no. 2 (September 21, 1969): 217-30.

Boettke, P. J., C. J. Coyne, and P. T. Leeson. "Earw(h)ig: I Can't Hear You Because Your Ideas Are Old." *Cambridge Journal of Economics* 38, no. 3 (May 1, 2014): 531-44.

Boettke, Peter J. "[Why Read the Classics in Economics? | Library of Economics and Liberty.](#)" Accessed July 29, 2014.

2) The Economic Revolution

Heilbroner, Worldly Philosophers, pp. 19-42 [R]

["On Attributing Virtues to Markets, Analysis - BBC Radio 4."](#) BBC. McCloskey, D. N.

3) Graeco-Roman Economics

Schumpeter, History, pp. 48-70 [R]

Aristotle. Politics and Nichomachean Ethics in Medema and Samuels, pp. 3-15 [R]

4) The Scholastic Doctors

Schumpeter, History, pp. 70-103 [R]

Aquinas, Summa Theologica in Medema and Samuels, pp. 18-29 [R]

5) Natural Law Philosophers

Schumpeter, History, pp. 103-138 [R]

Locke, Of Civil Government in Medema and Samuels, pp. 59-77 [R]

["Munger on John Locke, Prices, and Hurricane Sandy | EconTalk | Library of Economics and Liberty."](#)

6) Mercantilists, Physiocrats and the Quest for Measurement

Spiegel, Growth, pp. 170-201 [R]

Mun, England's Treasures in Medema and Samuels, pp. 32-44

Petty, A Treatise in Medema and Samuels, pp. 47-56

Cantillon, Essay in Medema and Samuels, pp. 79-94

7) The World of Adam Smith

Heilbroner, Worldly Philosophers, pp. 42-75 [R]

Mandeville, Fable, in Medema and Samuels, pp. 119-129

Quesnay, Tableau, in Medema and Samuels, pp. 97-101

Turgot, Reflections, in Medema and Samuels, pp. 104-116
Hume, Political Discourses in Medema and Samuels, pp. 135-152

8) TMS, WN and the Invisible Hand

Macfie, A. "The Invisible Hand of Jupiter." *Journal of the History of Ideas* 32, no. 4 (1971): 595-99. [R]
Smith, Adam. *The Theory of Moral Sentiments*. 1759. [selection]
Smith, Adam. *The Wealth of Nations*. 1776. [selection]
Rollert, John Paul. "[Sleight of the 'Invisible Hand.'](#)" *Opinionator*.
Raphael, D. D. Spectator Theory (ch. 4) and The Impartial Spectator (ch. 5) in *The Impartial Spectator: Adam Smith's Moral Philosophy*. Oxford; Oxford; New York: Clarendon Press ; Oxford University Press, 2007.
Haakonssen, Knud. Smith's moral theory (ch. 3) in *The Science of a Legislator: The Natural Jurisprudence of David Hume and Adam Smith*. Cambridge; New York: Cambridge University Press, 1981.

9) The Gloomy Presentiments

Heilbroner, *Worldly Philosophers*, pp. 75-105 [R]
Malthus, An Essay in Medema and Samuels, pp. 196-207
Say, A Treatise, in Medema and Samuels, pp. 245-255
Ricardo, Principles, in Medema and Samuels, pp. 259-290

10) The Visions of Utopian Socialists

Heilbroner, *Worldly Philosophers*, pp. 105-136 [R]

11) Liberalism Redeemed

Spiegel, Growth, pp. 367-395 [R]
J.S. Mill, Principles, in Medema and Samuels, pp. 333-367

12) The Inexorable System of Karl Marx

Heilbroner, *Worldly Philosophers*, pp. 136-171 [R]
Blaug, *Economic Theory*, ch. 7, pp. 215-275

13) The Victorian World

Heilbroner, *Worldly Philosophers*, pp. 171-213) [R]
Spiegel, Growth, pp. 505-507, 513-524) [R]
Bastiat, Frederick. "Selected Essays, Chapter 1, [What Is Seen and What Is Not Seen](#) | Library of Economics and Liberty."
George, Henry. "[Progress and Poverty, Book X, Chapter 3](#) | Library of Economics and Liberty."

14) Marginal Revolution

Medema and Samuels Reader, pp. 409-411 [R]
Caldwell, Challenge, pp. 17-39, 39-64, 64-83 [R]

15) Marshall and the Cambridge School

Spiegel, Growth, pp. 563-74 [R]

Mirowski, Philip. "Physics and The 'marginalist Revolution'." *Cambridge Journal of Economics*, 1984, 361-79.

16) Veblen's Savage Society

Heilbroner, Worldly Philosophers, pp. 213-249

Veblen, Theory, in Medema and Samuels, pp. 613-645

Hodgson, G. M. "The Revival of Veblenian Institutional Economics." *Journal of Economic Issues* 41, no. 2 (2007): 325.

17) Mises' Moment

Mises, Human Action, pp. 201-233, 685-712 [R]

18) Keynes' Heresies

Heilbroner, Worldly Philosophers (pp. 249-288) [R]

Spiegel, Growth (pp. 597-610)

Keynes, General Theory in Medema and Samuels, pp. 588-608)

[*Robert Skidelsky on Keynesian Economics - It's All About Spending*](#), 2010.

19) Hayek's Challenge

Caldwell, Challenge, pp. 165-182, 205-261, 288-323 [R]

[*"Fear the Boom and Bust" a Hayek vs. Keynes Rap Anthem*](#), 2010.

[*Fight of the Century: Keynes vs. Hayek Round Two*](#), 2011.

20) Schumpeter's Contradictions

Heilbroner, Worldly Philosophers, pp. 288-311 [R]

Swedberg, Richard. "The Economic Sociology of Capitalism Weber and Schumpeter." *Journal of Classical Sociology* 2, no. 3 (2002): 227-55.

21) Pre-Keynesian Macro

Blaug, Economic Theory, pp. 632-654 [R]

22) Is There Life after Samuelson's Economics?

Blaug, Economic Theory, pp. 654-697 [R]

Klamer, Arjo, Deirdre McCloskey, and Stephen Ziliak. "Is There Life after Samuelson's Economics? Changing the Textbooks." *Post-Autistic Economics Review* 42 (2007): 2-7.

23) The Counter-Revolution in Economics (Nobel Lectures)

Hayek (1974), Friedman (1976), Stigler (1982), Buchanan (1986), Coase (1991), Becker (1992), North (1993), Lucas (1995), Vernon Smith (2002), Phelps (2006), Ostrom (2009), Williamson (2009)

Evaluation

Class participation makes up for 20% of the final grade. Students are expected to be *present and prepared* with three possible exceptions. Short reflections on the assigned readings will be required. A **midterm exam** will count for 30% of the grade, a **final exam** for 50% of the grade. In the exams students will be asked to (1) explain a particular topic, (2) interpret and contextualize a concept considering approaches of different thinkers and (3) identify a short extract and provide a commentary. The working language of the course is English.

The literature marked [R] is required for each particular class. You are not obliged to read the non-[R] marked readings although these will generally constitute the material referenced in the classroom and are thus useful for those who wish to extend their understanding of the subject matter.

The evaluation ranges from 0 to 10 through increments of 0.5. Only an evaluation equal or greater than 7 counts as a pass. Students will have a chance to gain extra credit participating in a PPE workshop series (the schedule will be announced).

Policies

Unless you have an official leave of absence confirmed by the university, there is no way of making up for scheduled exams in case you cannot not take them. If you do not take the exam or fail to submit an assignment in time you will receive an evaluation of zero for this exam or assignment. If you have an official leave of absence please talk to me immediately. Even if you do not have an official leave of absence, it is generally recommended you turn in the assignment anyway. In such a case your evaluation will be discounted by 20% for each day you are late. In case you had a conflict with another exam, please approach me as soon as possible.

If you have any questions or doubts about the subject matter or about any organizational issues please consult the official social media group of this class (will be announced), ask your classmates, approach me during the class or set up an appointment with me (in this particular order!).

- Come to class on time (if you cannot avoid being late, please be discreet and considerate)
- Turn off any electronic device that might possibly make a sound during the class
- Do not eat, drink, read newspapers, magazines or similar. Do not maintain conversations irrelevant to our work in the class.

Disability assistance

If you need any special disability assistance please let me know during the first week of the semester so that I can arrange for the required help.

Academic integrity

In this class we follow the Academic Integrity Code:

„No student will lie or cheat or plagiarize or tolerate those who do so.“

At the moment of entering the University, every student assumes an obligation to maintain the code, accept the responsibility to learn and to follow the philosophy of professional ethics. It is required that students apply the code while taking exams, submitting assignments or working on their research. Ignoring the rules does not excuse any person from being subject to a corresponding punishment.

In case there is an evidence of a conduct breaching the Academic Integrity Code, the student will be assigned an evaluation of zero in the corresponding exam or assignment. Furthermore, the student will be subject to an administrative process carried out by the Committee of Honor and Justice of the DCEA which has the power to suspend or expell the student that has been found guilty.

Please do not plagiarize. Realize that if you found it online, I can do so too! What is appreciated is your effort in learning, not the possession of a solution. If you are not sure what plagiarism is, consult [this source](#).

Codex of behaviour in my classroom

As a student you will:

- Contribute to a constructive conversation, be concise.
- Tackle the argument not the person, no insults.
- Remember that raising your voice does not make you any more persuasive.

As your lecturer I will:

- Guide you through the subject matter in a more interesting way.
- Consider your ideas with full attention.
- Attend to your needs so that you benefit from our time together as much as possible.