

**Course Outline 2017**  
**ECON 773: THE HISTORY OF ECONOMIC THOUGHT (15 POINTS)**

**Semester 1 (1173)**

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**Course Prescription**

This covers a selection of topics in the history of economic ideas, including classical economics, post-classical microeconomics; topics in twentieth century economics including Keynesian economics, monetarism, institutional economics, evolutionary economics, Austrian economics and twentieth century ideas on monetary economics, and international monetary reform.

**Progression and Course Advice**

The level and content of this course require that students have a good grasp of macro- and microeconomics. As well as economics graduates, the course may be taken by graduates from other disciplines especially law, sociology, political studies, philosophy, development studies, management studies, international business, finance and psychology. This course provides a useful complement to advanced studies in those disciplines.

**Goals of the Course**

This course provides students, in either their Honours or Master's year, with an opportunity to study a wide range of topics in the development of economic ideas, and will also cultivate students' interest in the origins and development of economic science.

**Learning Outcomes**

By the end of the course it is expected that students will be able to:

1. develop a broad appreciation of the evolution of economics as a discipline
2. develop better essay writing skills
3. think in terms of various 'schools' of thought influencing the work of economists.

**Content Outline and Learning Resources** (Coursework essay options).

**Topics**

1. Classical doctrine on the forces generating economic growth:  
Review the following article: P. Samuelson, "The Canonical Classical Model of Political Economy", *Journal of Economic Literature*, (December 1978). Compare Samuelson's model with more recent work on classical growth theory either by Robert Lucas or Paul Romer.
2. Examine Samuel Hollander's argument that Adam Smith was a "market failure theorist".  
Ref: S. Hollander, *Essays on Marxian and Classical Political Economy* vol. IV, (2013) chapter 1 (Library electronic resource).
3. What are the foundations of Classical Monetary Theory and how do they compare with the Marshallian, Cambridge 'cash balances' approach?  
Ref: M. Blaug, *Economic Theory in Retrospect*, (1987), chapter on Classical Monetary Theory.
4. Write a review of T. Sowell's book "On Classical Economics" (2006). This topic would suit someone who would like to write ONE 6,000 word paper constituting the full coursework assessment, i.e. 100%.
5. Were the differences between the contributions of the three neoclassical 'revolutionaries' – Jevons, Menger and Walras – all that significant for the development of economics in the twentieth century?  
Ref: W. Jaffé, "Menger, Jevons and Walras De-Homogenized", *Economic Inquiry*, December (1976).
6. Assess the following history of monetary economics. Is it an unbiased survey?  
Ref: P. Arestis, "Classifying Monetary Economics: Fields and Methods From Past to Future" *Journal of Economic Surveys* (2011), 769-800.
7. Either: (a) Critically assess J.R. Hicks's paper on the derivation of the IS-LM framework from Keynes's *General Theory* and classical economics. What was the basis for Hicks's later rejection of the IS-LM framework? Should the IS-LM formulation be abandoned?  
Ref: J.R. Hicks, "Mr. Keynes and the Classics: A Suggested Interpretation", *Econometrica*, (1937). See also R. Dimand and W. Young "Interpreting Mr Keynes: The IS-LM Enigma", *Canadian Journal of Economics*, 21(3) (1988); and also Hicks's article in the *Journal of Post-Keynesian Economics* Vol. 3 no. 2 (1980), 139-54.  
Or: (b) After the *General Theory*, which was concerned with a closed economy, Keynes made a contribution to what was later called "international macroeconomics". Discuss his contribution. In what ways was this contribution significant, limited or lacking in completeness?  
Ref: Vines, D. "John Maynard Keynes 1937-1946: The Creation of International Macroeconomics", *Economic Journal*, 113 June (2003), F338-F361.
8. According to Steven Kates "The Keynesian Revolution was about Say's Law and nothing else". Critically examine this view.  
Ref: Kates, S. (ed) *Two Hundred years of Say's Law* (E. Elgar Publishers, 2003).

9. What was Oskar Morgenstern's main contribution to the theory of games?  
Ref: A. Schotter "Oskar Morgenstern's Contribution to the Development of the Theory of Games", *History of Political Economy*, (1992) 24, Supplement, 95-112.
10. Assess the various types of 'monetarism' that emerged in macroeconomics in the twentieth century.  
Ref: H. Johnson, "The Keynesian Revolution and the Monetarist Counterrevolution", *American Economic Review* 61, no.2 (1971), 1-14 and J. Bradford De Long, "The Triumph of Monetarism", *Journal of Economic Perspectives*, (Winter 2000).
11. Explore the background to F. A. Hayek's argument against J. K. Galbraith's 'dependence effect'.  
Ref: F A Hayek, "The Non Sequitur of the Dependence Effect", *Southern Economic Journal*, (1961) 47(4), 346-48.
12. How was the idea of rational expectations conceived and were there any developments before John Muth's seminal article on the subject?  
Ref: B. T. McCullum, "John F Muth and the Creation of Rational Expectations", *History of Political Economy*, (2016), 48(2), 341-47.
13. Discuss the economic ideas associated with the Federal Reserve's disastrous response to the Great Depression of the 1930s.  
Ref: L. H. White "Did Hayek and Robbins Deepen the Great Depression?", *Journal of Money, Credit and Banking*, Vol. 40 no. 4, (2008), 752-68 and B. Bernanke "A Century of US Central Banking: Goals, Frameworks and Accountability", *Journal of Economic Perspectives*, Vol. 27 no. 4, (2013), 3-16.
14. The theoretical 'firm' in neoclassical economics "is entrepreneurless – the Prince of Denmark has been expunged from the discussion of Hamlet". Discuss this contention.  
Ref: W. Baumol, "Entrepreneurship in Economic Theory", *American Economic Review*, (1968) and R. Langlois, "The Theory of the Entrepreneurial Firm and the Entrepreneurial Theory of the Firm", *Journal of Management Studies*, (2007).
15. Consider the following article by Esther Mirjam-Sent: "Behavioral Economics: How Psychology Made its (Limited) Way Back Into Economics", *History of Political Economy*, 36(4) (2004), 735-60. Do you think it is an accurate account of what happened when Kahnemann et. al. made their contributions to economic psychology in the late twentieth-century?  
Ref: Kahneman, "A Psychological Perspective on Economics", *American Economic Review*, vol. 93, no. 2, 161-8. See also S. Hargreaves-Heap, "What is the Meaning of Behavioural Economics?" *Cambridge Journal of Economics*, 37, (2013), 985-1000.
16. Review and assess one of the following articles:  
Either: (a) F.A. Hayek's Nobel Prize Memorial Lecture, "The Pretence of Knowledge", *American Economic Review*, December (1989).  
Or: (b) J. Buchanan, "The Constitution of Economic Policy", *American Economic Review*, (1987), June, 243-50.  
Or: (c) J. Buchanan and V. Vanberg, "The Market as a Creative Process", *Economics and Philosophy*, (1991), 167-86.
17. Explain and assess the main arguments of Lawrence Summers on the failings of empirical macroeconomics:  
Ref: L. H. Summers, "The Scientific Illusion of Empirical Macroeconomics", *Scandinavian Journal of Economics* (1991), 93(2) June, 129-48.
18. Does F. Machlup's classic article: "Theories of the Firm: Marginalist, Behavioral, Managerial", *American Economic Review*, (March 1967), still have modern relevance?

See also M. Augier, et. al. "A Retrospective on the Behavioural Theory of the Firm", *Journal of Economic Behavior and Organization*, (2008).

19. Consider whether or not the recent modern revival of the theory of secular stagnation is consistent with Alvin Hansen's original development of the idea.

Ref: L. H. Summers, "Demand Side Secular Stagnation" *American Economic Review*, (2015), 105(5), 60-65.

20. How did the "New Institutional Economics" emerge in the economics discipline and what was 'new' about this approach?

Ref: E. Furubotn and R. Richter, "The New Institutional Economics: A Different Approach to Economic Analysis". *Economic Affairs* (2008), 15-23.

21. Explain what Mark Blaug means by the "formalist revolution of the 1950s". Consider the term "formalist" and "revolution" carefully. Has the formalist revolution been damaging to the discipline of economics?

Refs: Blaug, M. "The Formalist Revolution of the 1950s", *Journal of the History of Economic Thought*, vol. 25 no. 2 (2003), 145-56; and Krugman, P. "Two Cheers for Formalism", *Economic Journal*, (November 1998), 1829-36. See also other relevant articles in the November 1998 issue of that journal.

22. Survey some of the main current ideas concerned with reforming the international financial system.

Ref: B. Eichengreen, "International Monetary Options for the Twenty-First Century", *Annals of the American Academy of Political and Social Science*, (January 2002), 11-25.

23. Ronald Coase became a Nobel Laureate in Economics having only written two major articles. Is there anything in those major articles that made him write later in his life that economics "was a severely impoverished" field of study and must be reoriented "toward the study of man as he is and the economic system as it actually exists"?

Ref: A. Marciano, "In Memoriam: Ronald Coase 1910-2011", *History of Economic Ideas*, 21(2), (2013), 11-28. Request copy from Professor Endres.

24. Explain the basis of modern evolutionary economics. Is it a viable alternative to mainstream economics?

Refs: R. Nelson and S. Winter, "Evolutionary Theorizing in Economics", *Journal of Economic Perspectives*, (Spring 2002), 23-46. G. Dosi "Economic Coordination and Dynamics: Some Elements of an Alternative 'Evolutionary' Paradigm" (2011) Institute for New Economic Thinking (copy available from Tony Endres)

## Learning and Teaching

This course will be taught in the first semester. A two hour lecture will be held on Thursday 1pm to 3pm. The course will be predominantly a reading and research course more than a lecture course. Special office hours will be allocated to one-on-one discussions of coursework.

Students are encouraged to present an outline of their research topics for class discussion in the lecture timeslot in the second half of the semester. These presentations will not be a required part of coursework.

## Teaching Staff

**Professor Tony Endres**

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*(Please use email contact freely for consultation on projects.)*

## Learning Resources

There is no prescribed text for this course.

Please refer to 'Content Outline and Learning Resources' above for reading references. ALWAYS consult the **New Palgrave: A Dictionary of Economics** (2008 version available in an online version through Voyager, General Library). This resource has full up-to-date survey articles on a large number of subjects in economics and will be useful for ALL of the above coursework topics. It is not a conventional dictionary!

## Assessment

### 100% coursework

There are two options

### EITHER

**Option 1: Two substantial essays.** Choose two of the topics above to work on during the semester and write two 3,000 word essays (50% each).

Exceptions may be made to this rule; for example see topic 6 above. Students may also propose their own topics for investigation that may not appear on the above list PROVIDED they fit the brief of this course: to study the development of economic ideas.

### OR

**Option 2:** (a) **One substantial essay.** Choose one of the topics above and write one 3000 word essay (50%) and (b) **Complete the Take Home Exam** by answering 3 out of 15 questions which will be based on lecture material (50%). The take home exam will be distributed in late May 2017 and those who choose this option will have 10 days to complete the exam and submit it to Professor Endres. The exam results will be available in the last week of the teaching term. Examples of the type of questions to expect will be signalled week-by-week in each lecture on the various topics covered. There will be a 1500 word limit on each answer and no requirement to cite a list of references (just like any other exam or in-course test). As a guide, the 2015 take home exam will be distributed in the first week of classes.

### Assessment continued

**NOTE on Essays:** I will happily read and comment on essay drafts (but not take home exam drafts) given to me no later than the end of the 2<sup>nd</sup> to last week of lectures. Due date for all coursework essays will be one week after the last week of lectures.

Learning Outcomes	Option 1	Option 2
1	X	X
2	X	X
3	X	X