ECON 6660/7660 – History of Economic Thought

Professor: E. Anthon Eff
Class: Wednesdays 6pm – 9pm • BAS N218 (BAS S334)
Office and Hours: BAS N308 • MWF 10:30am – 12:00pm (or by appointment)
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Mission of the Jones College of Business:

- Set our students' foundation for life-long learning through high quality learning experiences resulting from quality teaching, classroom interactions, student professional organizations, service learning, and interactions with faculty outside the classroom.
- Further the scope and dissemination of the body of business knowledge through scholarly research that advances our disciplines, enhances teaching/learning, and improves outcomes of for-profit, not-for-profit, and governmental organizations.
- Contribute to the economic development of the region through our outreach programs.

We will produce career-ready undergraduate students, MBA, MAcc, MS, and PhD graduates prepared for career challenges and advancements, significant applied research, and consulting consistent with the expertise of our disciplines.

Reasonable Accommodations for Students with Disabilities:

Middle Tennessee State University is committed to campus access in accordance with Title II of the Americans with Disabilities Act and Section 504 of the Vocational Rehabilitation Act of 1973. Any student interested in reasonable accommodations can consult the Disability & Access Center (DAC) website and/or contact the DAC for assistance at 615-898-2783 or dacemail@mtsu.edu
Academic Misconduct:
Middle Tennessee State University takes a strong stance against academic misconduct. Academic Misconduct includes, but is not limited to, plagiarism, cheating, fabrication, or facilitating any such act. For purposes of this section, the following definitions apply:

(1) **Plagiarism**: The adoption or reproduction of ideas, words, statements, images, or works of another person as one’s own without proper attribution. This includes self-plagiarism, which occurs when an author submits material or research from a previous academic exercise to satisfy the requirements of another exercise and uses it without proper citation of its reuse.

(2) **Cheating**: Using or attempting to use unauthorized materials, information, or study aids in any academic exercise. This includes unapproved collaboration, which occurs when a student works with others on an academic exercise without the express permission of the professor. The term academic exercise includes all forms of work submitted for credit or hours.

(3) **Fabrication**: Unauthorized falsification or invention of any information or citation in an academic exercise.

To be clear: going online and taking information without proper citations, copying parts of other student’s work, creating information for the purposes of making your paper seem more official, or anything involving taking someone else’s thoughts or ideas without proper attribution is academic misconduct. If you work together on an assignment when it is not allowed, it is academic misconduct. If you have a question about an assignment, please come see me to clarify. Any cases of academic misconduct will be reported to the Office of Academic Affairs for violating the academic honesty requirements in the student handbook. They will also result in failure for the course. Remember – ignorance is NOT a defense.

Course Description and Objectives:
History of Economic Thought is a seminar course, examining the development of economic thought from the time of Aristotle to the present. The goal of the course is to learn something about how and why economic thought has changed, in order to gain insight into the ways in which economic thought is currently evolving. In order to understand how and why economic thought changes, one must understand something about the sociology of science and about the context in which the thinkers of the past lived.

A seminar format is typical for graduate courses in history, literature, or philosophy. A successful seminar is one in which the instructor never lectures, but merely participates in a semester-long discussion with the students. The seminar format puts a burden on students to find materials, to come to each class well-prepared, to listen to each other, and to speak concisely.

Prerequisites:
Students who do well in this course feel comfortable speaking in English, and have some prior knowledge of European History. The course assumes the student knows economics at least at the principles level.

Grade:
We will read two books and discuss topics in class. There will also be a final exam and a term paper.

The grade consists of three elements, each weighted equally: final exam, term paper, and peer evaluation (see evaluation form on last page of syllabus). Requirements are the same for 6660 students and 7660 students. Nevertheless, expectations are higher for 7660 students, and grades will be scaled separately for the two groups of students.
The two required books: The books can be most cheaply purchased online.


Discussion topics: The topics for each week (given on page 5) will be divided up, so that two or three people work on each topic and lead the discussion. The discussion leaders should prepare a handout (in most cases two to three pages would be sufficient) and make copies for each class member. Presentations will typically last 15 minutes, though some will be shorter and some longer. All class members are expected to participate in discussion of each presentation. If you read the assigned pages in the two books, you should have little trouble participating in each discussion.


Further hints on presentations: Most presentations will be about an individual thinker, and should include the following:

- Relevant historical background—only the facts that appear relevant for the topic.
- Biographical information: Birth date; death date; family’s status, religion, and occupation; main places of residence; occupation.
- Main works and ideas.
- Intended audience for works and ideas.
- Situation in intellectual network: teachers (if any), students (if any), intellectual adversaries (if any), acquaintance with other thinkers, works of other thinkers that had an important influence, patrons (if any).
- Circumstances (both personal and society-wide) influencing works and ideas.
- Sources used to find the above (including page numbers). Sources should include at least two journal articles. (please beware of plagiarism)

Much of this information can be found in the required books. Two library resources might be especially useful:


There are some excellent websites. Original texts for many of the most important thinkers can be found at McMaster University ([http://socserv.mcmaster.ca/econ/ugcm/3ll3/](http://socserv.mcmaster.ca/econ/ugcm/3ll3/))—it would be a good idea to try to glance over a sample of these writings, just to get a flavor of the original text. Project Gutenberg ([http://www.gutenberg.org/](http://www.gutenberg.org/)) also has many economics e-texts. Many of the earliest published economics tracts in English can be found in a database available through our library: *Early English Books Online* ([http://eebo.chadwyck.com/home](http://eebo.chadwyck.com/home)).

The best way to locate articles is via Google Scholar ([http://scholar.google.com/](http://scholar.google.com/)). Good results can also be found using JSTOR ([http://www.jstor.org/action/showAdvancedSearch](http://www.jstor.org/action/showAdvancedSearch)).

I have a favorable opinion of Wikipedia, but no presentation should rely exclusively on material found there.

The handouts for class presentations must be written in your own words; you must take extreme care to avoid plagiarism and to cite correctly all sources.
**The final exam:** The final exam (April 27) will contain three essay questions (30 points each) and ten short answer questions (one point each). One week before the exam, I will give eight essay questions to the class; three of these (my choice) will appear on the final. The material comes from the two books and from class discussions. An example of questions I have asked is given on page 7.

**The term paper:** You must get my approval for your term paper topic, before spring break. You should aim at about 20 pages for the length of your paper, double-spaced, 11-point scalable font (e.g., Times New Roman). Every idea that is not 100% your own should be referenced within parentheses like this: (Veblen 1898: 23-24). Most papers average about two references per paragraph. The bibliography should list every source mentioned in the text. You will be asked to present your paper to your classmates during the final week of the class (May 4—the “official” final exam day). An electronic version of the paper must also be turned in. A good term paper is likely to take one of the following forms, though there are plenty of other possibilities:

1) A paper discussing the history of a particular class of ideas in economic thought, such as ideas about population growth or free trade or poor-relief. One should show how these ideas changed in response to changes in the intellectual, social, and technological environment. A good paper would have to delimit both the set of ideas and the time and place in which these ideas evolved (e.g., ideas about poor-relief in the works of British Classical political economy).

2) A paper discussing a particular epoch in economic thought, such as mercantilism. The paper should both present the salient features of economic thought in that epoch and describe the intellectual, social, and technological forces shaping economic thought. A good paper would have to narrow the time and place (e.g., economic thought in China during the Tang dynasty).

3) A paper discussing a particularly well-defined school, such as the Physiocrats or the Fabian Socialists or the American Institutionalists or the Chicago School. A good paper would clearly establish the distinguishing characteristics of the school, and describe the intellectual, social, and technological forces shaping those distinguishing characteristics.

4) A paper discussing a major transition point in economic thought. Examples would be the transition from Medieval Christian thought to mercantilism, the transition from mercantilism to liberalism, and the transition from the labor theory of value to the subjective theory of value. A good paper would cover ground not already covered in class.

5) A paper discussing a book or set of shorter texts written by a single thinker. The paper should commence by summarizing the important points from the book, and the discussion should be *emic*, i.e., it should sympathetically show how the various arguments made by the author fit together. The paper should conclude with an *etic* perspective, in which you try to explain the particular views of the author by invoking the intellectual, social, and technological currents of the time. This *etic* perspective should be based, in large part, on documented sources.

6) A review essay discussing a book that describes and explains some facet of economic thought. An example of a suitable book is: Yuval P. Yonay’s (1998) *The Struggle over the Soul of Economics: Institutionalist and Neoclassical Economists in America between the Wars*. Review essays are difficult to do well unless one has deep knowledge of the topic the book covers. Typically, the reviewer will read not only the primary text, but at least as much material from other texts, in order to develop a nuanced perspective on the primary text.

*Friendly warning: If you don’t know what *plagiarism* is, please check the link on the course website or discuss it with me. Paraphrasing an article or website—even if you provide the correct citation—is plagiarism. The grade for a plagiarized paper is ‘0.’*
1. **Philosophy and Sociology of Science.** 20-Jan-2016
   Spiegel: xiv-xxviii.
   Eff: *Introduction to History of Thought*

2. **Ancient and Medieval Thought.** 27-Jan-2016
   Spiegel: Chapters 1-3
   Muller: Chapter 1
   Eff: *Notes on Ancient, Medieval, and Mercantilist Periods*
   Finer: *Finer on the Sumerian state as oikos.*
   Hesiod and Peasant Economic Thought
   The Bible, New Testament vs. Old
   Aristote:
   Scholastics: Usury
   Scholastics: Just Price
   Money: Quantity theory and Gresham's Law
   Islamic Economic Thought

3. **Mercantilism.** 3-Feb-2016
   Spiegel: Chapters 4-7
   Reformation: Luther & Calvin
   Mercantilists on Population
   Mercantilists on Trade
   Mun, Thomas
   Petty, Sir William
   Child, Sir Josiah
   Davenant, Charles
   North, Dudley
   Law, John

4. **Liberal Economics.** 10-Feb-2016
   Spiegel: Chapters 8-11
   Muller: Chapters 2-3
   Locke, John
   Mandeville, Bernard
   Cantillon, Richard
   Physiocrats (especially Quesnay and Turgot)
   Hume, David
   Hutcheson, Francis
   Smith, Adam

5. **British Classical Political Economy.** 17-Feb-2016
   Spiegel: Chapters 12-15
   Godwin, William
   Bentham, Jeremy
   Malthus, Robert
   Ricardo, David
   Mill, James
   Wages Fund Doctrine
   Bullionist Controversy

6. **One Hundred Flowers Bloom.** 24-Feb-2016
   Spiegel: Chapters 16-18
   Muller: Chapters 4-6
   Burke, Edmund
   English Historical School
   Sismondi, J.C.Lde
   Thunen, J.H.von
   German Historical School: Muller to Knies
   German Historical School: Schmoller to Weber
   Mill, John Stuart

7. **Socialism.** 2-Mar-2016
   Spiegel: Chapters 19-21
   Muller: Chapters 7-9
   Owen, Robert
   Ricardian Socialists
   Christian Socialists
   Anarchists (especially Proudhon and Fourier)
   Marx, Karl
   George, Henry
   Fabians (including Annie Besant)

8. **Spring Break—no class.** 9-Mar-2016

9. **Neoclassical Economics.** 16-Mar-2016
   Spiegel: Chapters 22-25
   Walras, Leon
   Pareto, Vilfredo
   Menger, Carl
   Marshall, Alfred
   Clark, J.B.

10. **Twentieth Century I.** 23-Mar-2016
   Spiegel: Chapters 26-27
   Muller: Chapters 10-12
   Wicksell, Knut
   Veblen, Thorstein
   Institutionals: Commons, Mitchell, Ayres
   Fisher, Irving
   Keynes, J.M.
   Schumpeter, Joseph
   The Chicago School

11. **Twentieth Century II.** 30-Mar-2016
   Spiegel: Chapters 28-29
   Muller: Chapter 13
   Samuelson, Paul A
   Leontief, Wassily
   Kuznets, Simon
   Myrdal, Gunnar
   Hicks, Sir John R.
   Hayek, Friedrich A. Von
   Arrow, Kenneth J.

12. **Twentieth Century III.** 6-Apr-2016
   Friedman, Milton
   Ohlin, Bertil
   Simon, Herbert A.
   Stigler, George J.
   Schumacher, E.F.
   Boulding, Kenneth

13. **Twentieth Century IV.** 13-Apr-2016
   Solow, Robert M.
   Coase, Ronald H.
   Becker, Gary S.
   Sen, Amartya
   Game Theory
   Experimental Economics
   Computational Economics
   Cliometrics
   New Institutional Economics

14. **Twentieth Century V.** 20-Apr-2016
   Topics to be determined.

15. **Final Exam.** 27-Apr-2016

16. **Papers Presented, Peers Evaluated.** 4-May-2016
The peer evaluation, filled out at the end of the last class (May 4), will look like this.

Your name:____________________________________________ Please rank yourself and your fellow students. Ranks run from 1 to 16: 1 would be the appropriate rank for the student that helped you learn the most in this class; 16 would be appropriate for the student whose presentations, assistance as group member, or discussion were least helpful. No ties are allowed. Please also put a letter grade next to the rank (pluses and minuses allowed). For details on the methodology, please refer to [http://www.economics-finance.org/jefe/econ/Effpaper.pdf](http://www.economics-finance.org/jefe/econ/Effpaper.pdf).

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1. Aristotle and St. Thomas Aquinas can be seen as conservatives resisting the encroachment of a market economy. Discuss the work of these men from this perspective, telling me something about the world they were defending, and the evils of markets, as they saw it.

2. Discuss the reasons for the shift from medieval Christian views of the economy to mercantilist views. What were the main features of these two views?

3. Deism can be seen as the religious underpinnings of much Enlightenment thought, including the ideas of Adam Smith. Describe the main features of Deism and the way these manifest themselves in Adam Smith's work.

4. We discussed at least two major shifts in economic thought: the shift from Medieval Christianity to Mercantilism, and the shift from Mercantilism to Liberalism. Discuss the most important changes in each shift. What were some of the economic and cultural factors which precipitated these shifts?

5. Ideas not only have to be “right,” they also have to “catch on.” Discuss the factors which influence whether or not an idea catches on. Try to be as comprehensive as possible. Use examples from the evolution of economic thought to illustrate these factors.

6. In a number of places, H.W. Spiegel points out a strange phenomenon: important innovations in economic theory are often simultaneously created by different people, each working in ignorance of the other. Give a few examples of this phenomenon. What do you think accounts for simultaneous invention?

7. Write an essay on how utilitarianism and the concept of utility have shaped the evolution of economics. How does utilitarianism fit into the transition from Mercantilism to Liberalism? How does utilitarianism fit into the transition from Classical political economy to Neoclassical economics? Discuss briefly the role of Francis Hutcheson, Adam Smith, Jeremy Bentham, William Stanley Jevons, Carl Menger, Alfred Marshall, and Vilfredo Pareto.

8. Socialists are a heterogeneous lot. Compare (showing differences and similarities) at least three thinkers or schools of thought we discussed during the two class sessions on socialism. Describe how each of these socialists may have been influenced by the particular intellectual, political, and social currents of their time. What lasting influence did each of these socialists have?

9. Over the last 200 years, economics has steadily become more abstract, and this tendency toward abstraction has periodically been resisted. Discuss the origins of and reasons for increased abstraction, and explain how increased abstraction is related to the expanding use of mathematics. Discuss some of the schools in economic thought which opposed abstraction. What did these schools advocate? Be sure to explain what is meant by the Methodenstreit. Where do you stand on this controversy?

Ten sample short answer questions. For most of these, an answer of one or two words would suffice; for a few, one might need as many as three sentences. Each answer will be worth one point.

1) During what decade did Adam Smith write Wealth of Nations?
2) In what decade did John Maynard Keynes publish his most important book?
3) Name one economist credited with founding the Neoclassical School.
4) Of what nationality were Adam Smith and David Hume?
5) Of what nationality were Carl Menger and Joseph Schumpeter?
6) Of what nationality were John Bates Clark and Irving Fischer?
7) Of what nationality were Knut Wicksell and Gunnar Myrdal?
8) Was Thomas Mun influenced by Adam Smith? Why or why not?
9) Which economist developed general equilibrium theory?
10) Which economist is often credited with starting economics down the path of abstract, deductive science?