DREW UNIVERSITY  
Department of Economics  
Econ 112 – History of Economic Thought  
Fall 2010  

Dr. Bilge Erten  
Office: HSC 338  
Office Hours: MW 2:30-4:00 PM or by appointment  
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E-mail: berten@drew.edu  
Class time and location: MWF 1:15-2:05 PM at BC 218  

Course Description  

This course is designed to introduce students to the history of economic ideas from ancient times through the twentieth century. It will place emphasis on (a) pre-classical economic thought, (b) classical political economy, (c) critiques of classical political economy, (d) marginalist revolution, (e) institutional economics, (f) Keynesian revolution, (g) Austrian school, and (h) contemporary critical approaches. Major groups and thinkers covered include Aristotle, the Scholastics, the Mercantilists, the Physiocrats, Adam Smith, Thomas Robert Malthus, David Ricardo, Karl Marx, the early Marginalists, Alfred Marshall, Thorstein Veblen, John Maynard Keynes, Friedrich A. Hayek, and Joseph A. Schumpeter. Reading for the course will be drawn from both primary and secondary courses, and it would be in the best interest of the student to come to class having read the assigned materials for that day.

Learning Objectives  

(1) Identify the major ideas associated with each group or thinker studied, and thereby comprehend the origins of contemporary theory.  

(2) Place those ideas in the context of the times in which they developed.  

(3) Come to appreciate that most modern ideas have long histories, that there is “little new under the sun.”  

(4) Recognize that many theories are short-lived and that they often reflect the concerns of a particular time period, and thereby come to a critical understanding of contemporary theory.  

(5) Explore theories that radically differ from modern mainstream theory.
Course Materials

Required Texts


Adam Smith, *The Wealth of Nations*. [1776] Chicago: University of Chicago Press, 1976. [This is known as the Cannan edition; it was edited by Edwin Cannan, who also provided an introduction, margin summaries, and index.]


Ekelund and Hebert is the textbook. The next two books are primary sources. Class handouts and contributions from the secondary literature will be assigned from time to time during the semester.

Suggested Texts


Work Requirements and Grading

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Percentage</th>
<th>Points</th>
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</thead>
<tbody>
<tr>
<td>Thought Questions</td>
<td>20%</td>
<td>200 pts</td>
</tr>
<tr>
<td>Three Short Papers</td>
<td>21%</td>
<td>210 pts</td>
</tr>
<tr>
<td>Midterm</td>
<td>17%</td>
<td>170 pts</td>
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<tr>
<td>Final exam</td>
<td>27%</td>
<td>270 pts</td>
</tr>
<tr>
<td>Classroom Participation</td>
<td>15%</td>
<td>150 pts</td>
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(1) There will be 23 ‘Thought Questions’, roughly 1 or 2 per week. Each question will be related to a reading assignment that will be covered in the following lectures. The purpose is to give you a head-start by asking you to think about the readings prior to lectures. A thought question will be distributed at the end of class, on Mondays and Fridays. You will be required to answer each question with no more that one half-typed page, 1.5 spaced (max. 200 words), and turn answers in at the beginning of class, on Fridays and Mondays. The thought questions will be graded on a 1-0 (pass-fail) basis. Each answer must be turned in on the assigned date; late answers will not be accepted. In computing your grade, I will drop the three lowest thought question scores, which means that you will be allowed to skip up to three questions without penalty.

(2) The three papers are due in class on September 20, October 11, and November 15 respectively. Each paper should be roughly 3 pages in length (max. 750 words), double-spaced (in 12-point font). All sources should be properly referenced. All direct quotations (including quotes from documents or web-based materials) should appear within quotation marks, with the source attributed. Cheating and plagiarism will automatically result in a grade of F for the course, as well as possible suspension or expulsion from the University.

(3) The midterm exam will consist of short essay questions from lecture presentations, discussions, and reading assignments. It will be a closed-book exam on October 20.

(4) The final exam will have a format similar to the midterm exam. The topics for the final exam will cover material addressed in class after the midterm only.

(5) Attendance in class is required and is considered in your participation grade, which counts for 10% of your final grade. Students are allowed only a week’s worth of unexcused absences. Every additional week’s worth of additional absences will result in a loss of a full letter grade. Coming to class on time is also considered in the participation grade (5%). Class participation is required. Questions, comments, and discussion are strongly encouraged, as is seeking assistance from the instructor outside the classroom (during office hours, or by appointment).

Additional Considerations

(1) **Required readings** are absolutely required readings, including class handouts and material posted on Moodle.

(2) **Late assignments will be devalued by 10% per class session.**
(3) **Cell phones and beepers are not allowed** in the classroom, they must be turned off. If you need to have such devices with you for work-related or medical reasons you need to have the instructor’s permission in advance.

(4) **Laptops are not allowed** in the classroom, unless we have an exercise that requires the use of laptops. An exception is provided with documentation from the Office of Educational Services.

(5) Students are required to check their Drew email account on a regular basis. Students will receive email reminders for readings, exams, handouts, and other course-related information. The instructor will send an email when new material is posted on Moodle. **Reading course related emails** also counts in class participation grade.

Your grade will be determined based on the percentage of points earned, and the following scale will be used to determine your grade for the course:

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<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
<th>Points</th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>94-100</td>
<td>940-1000</td>
</tr>
<tr>
<td>A-</td>
<td>90-93</td>
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<td>D</td>
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<td>640-660</td>
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<tr>
<td>F</td>
<td>0-63</td>
<td>0-630</td>
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**Special Accommodations**

Should any student require academic accommodations, request(s) must be formally processed with the Office of Educational Affairs (BC 114, extension 3327). Students are responsible for providing the instructor with the appropriate written documentation at least one week prior to any request for specific course accommodations. Completing and complying with this procedure is the student’s responsibility. There are no retroactive accommodations.

**Academic Integrity**

Drew University regards academic honesty and scholarly integrity as indispensable to genuine learning and true scholarship. Cheating on examinations, papers or computer
assignments, offering work done by others as one’s own, using the words and ideas of others without proper acknowledgment, improperly providing information, papers, or projects to others, or falsifying the nature or results of one’s research are inimical to learning and scholarship, and infringe on the mutual faith and trust essential to the academic enterprise. Students should be familiar with the Drew University Standards of Academic Integrity. Violations will be taken to the Dean of the College of Liberal Arts.

Course Outline

I. Pre-classical Economics
   A. Aristotle
   B. The Scholastics
   C. Mercantilism
   D. Petty, Cantillon, and the Emergence of Scientific Economics
   E. The Physiocrats

Readings: Ekelund and Hebert, Chapters 2, 3, and 4.
Handout: Tableau Economique

II. Adam Smith
   A. Theory of Moral Sentiments and “Das Adam Smith Problem”
   B. Wealth of Nations

Readings: Ekelund and Hebert, Chapter 5.
Wealth of Nations, as follows:

1. The Division of Labour: Smith’s Introduction, Book I, Chapters 1-4
2. The Theory of Value: Chapter 5, pp. 34-43; Chapters 6-7; Chapter 8, pp. 72-82; Chapter 9, pp. 98-99, 109-110; Chapter 11, pp. 161-63 & 269-78
3. Accumulation and Growth: Book II, Chapters 1, 3 (pp. 351-65 only), 4
4. The Critique of Mercantilism and Physiocracy: Book IV, Chapters 1, pp. 450-56, 468-473; Chapter 2, pp. 474-80
5. The Economic Role of Government: Book IV, Chapter 9, pp. 208-209; Book V, Chapter 1
Handouts: Adam Smith (information on his life and work); The Wealth of Nations (Study questions for the reading).

III. Thomas Robert Malthus
   A. The Essay on Population
   B. The Principles of Economics

   Readings: Ekelund and Hebert, Chapter 6.
   Handout: *Europe from Adam Smith to the Marginalists

IV. David Ricardo
   A. Labor Theory of Value
   B. Theory of Rent
   C. International Trade and Macro Dynamics
   D. Ricardo-Malthus Correspondence

   Readings: Ekelund and Hebert, Chapter 7.

V. Karl Marx
   A. Origins of Marx’s Thought – Hegel, Utopian Socialists, and British Political Economy
   B. Overview of the Marxian System
   C. Marx’s Early Writings on Capitalist Production
   D. The Nature of Capitalism
   E. The Legacy of Marx

   Readings: Ekelund and Hebert, Chapter 11.
   Marx, “Theses on Feuerbach” (pp. 143-45)
   Marx, Excerpts from Capital, Vol. 1 (pp. 302-61).
   Marx & Engels, “The Communist Manifesto”
   Handout: “The Development of Marxism.”

VI. The Marginal Revolution
   A. The Early Marginalists
      1. Jevons – utilitarian theory
      2. Menger – subjectivism and unintended consequences
      3. Walras – general equilibrium and Pareto
      4. The German Historical School and the Methodenstreit
Readings: Ekelund and Hebert, Chapters 13, 14, and 16.

VII. Alfred Marshall and the Cambridge School
A. The Principles of Economics
B. The Partial-Equilibrium Analysis

Readings: Ekelund and Hebert, Chapter 15.
Handout: “Alfred Marshall and the Cambridge School”

VIII. Thorstein Veblen and the American Institutionalists
A. Theory of the Leisure Class
B. Theory of the Business Enterprise

Readings: Ekelund and Hebert, Chapter 18.

IX. John Maynard Keynes
A. Keynes’ Early Work
B. The General Theory and the Keynesian Revolution

Readings: Ekelund and Hebert, Chapter 20.

X. Nemesis of the Keynesian Revolution: The Austrian School
A. Ludwig von Mises
B. Friedrich A. Hayek
C. Joseph Schumpeter

Readings: Ekelund and Hebert, Chapter 22.
XI. Contemporary Diversity of Critiques of Economic Theory

A. Institutionalist Approaches
B. Samir Amin and the Dependency School
C. Marxian Class Analysis
D. Hyman Minsky and Post-Keynesian Analysis
E. Feminist Economics
F. Environmental and Ecological Economics

Readings: