

DEPARTMENT OF ECONOMICS  
COLORADO STATE UNIVERSITY

**ECON 372: HISTORY OF ECONOMIC THOUGHT AND INSTITUTIONS**

Fall 2015

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Office Hours: TR 11-12 and by appointment

Course Description:

This course introduces students to the rich history of economic thought. Economic thought is typically defined from the time that Adam Smith was writing in the late 18<sup>th</sup> century and its focus was on understanding the emerging economic system at that time; capitalism. As capitalism has evolved the way it is understood has also evolved.

The course begins with a brief survey of pre-capitalist economic thought. It will then cover the evolution of economic thought from the mid 18<sup>th</sup> century through the mid 20<sup>th</sup> century. This period traces the emergence of field of study “Political Economy”, the transition to “economics” and attempts to revive “Political Economy”.

Adam Smith was the first of the Classical Political Economists. The other “Classical Political Economists” were David Ricardo, Thomas Malthus and John Stuart Mill. Also considered a Classical Political Economist but in a different vein was Karl Marx. He responds to a later stage of capitalism where its “underside” becomes more visible and of more concern. The “Marginalist Revolution” constitutes a break with Classical PE and is the direct precursor to what becomes known as “economics” and in its orthodox form “neoclassical economics”. The work of Edgeworth, Stanley Jevons, Carl Menger and Leon Walras belongs to the Marginalist School. Later the work of Alfred Marshall marks the transition to economics.

The work of a great many economists has been in opposition to the orthodoxy (hence its identification as heterodox) and represents attempts to revive the Political Economy tradition. Thorstein Veblen’s work is an example of the Institutional school that dominated the economics profession in the U.S. in the first half of the 20<sup>th</sup> century. Joseph Schumpeter another 20<sup>th</sup> century economist developed a dynamic evolutionary approach to understanding corporate capitalism. The revolutionary insights of John Maynard Keynes writing at the time of the Great Depression effectively created the field of macroeconomics. The main theoretical challenge to Keynes comes from F.A. Hayek, in the Austrian economic tradition.

At the conclusion of this course, time permitting, we will take a glimpse at some of the more recent developments in economic thought during the last half of the 20<sup>th</sup> century including New Institutional Economics and Feminist Economics.

Student Learning Objectives:

At the conclusion of the course students will

1. Understand who the main contributors to economic thought have been and what their contributions have been.
2. Recognize the historical contexts in which those contributions were made.

3. Understand the evolutionary nature of economies, economic institutions and economic thought.
4. Develop a more sophisticated understanding of capitalism as an economic system.
5. Explain the difference between ‘Political Economy’ and ‘Economics’ and between ‘orthodox’ economics and ‘heterodox’ economics.
6. Develop a broader set of ‘tools’ with which to analyze and solve real world economic problems.

#### Contact Hours:

To be successful, each week students are expected to spend approximately three hours in lecture, and (at least) six hours engaging in activities including reading the texts and journal references, reviewing class notes, and completing assignments.

#### Academic Integrity:

Students are expected to be aware of the University’s expectations regarding academic integrity and the consequences of violating those expectations. Please see the university catalog for policy on this issue: <http://catalog.colostate.edu/front/policies.aspx>. There is a voluntary honor code that you are welcome to sign.

#### Texts:

Heilbroner’s *The Worldly Philosophers* is a classic book in the history of economic thought. It is beautifully written and includes insights into the lives of the contributors to economic thought as well as the historical and institutional context for their ideas. Heilbroner’s *Teachings* provides excerpts from the original works of the economists so that you can read their ideas expressed in their own words. Pressman’s *Fifty Major Economists*, gives additional insight into the lives and works of the economists and their contemporary relevance. The analytical aspects of the theories of the economists we study will be covered in class in lectures.

Robert Heilbroner. 1999. 7th edition (first published in 1953) *The Worldly Philosophers*. Simon and Schuster. New York, NY.

Robert Heilbroner. 1996. *Teachings From the Worldly Philosophy*. W. W. Norton and Company. New York, NY.

Steven Pressman. 2014. 3<sup>rd</sup> edition. *Fifty Major Economists*. Routledge. New York, NY.

#### Additional readings:

There will be additional readings posted as pdf files on canvas.

#### Assignments:

1. Homework. There will be four homework assignments. Their primary purpose is to help you prepare for the exams.
2. Exams. There will be three exams – two non-comprehensive exams and a comprehensive final. They will all be essay exams and will be open book and open notes.

3. Papers. There will be one paper. The paper topic is TBD. The specific question and grading criteria will be distributed separately.
4. Discussion. There will be points allocated for participation in class discussions. Such discussions are a part of every class. You should come up after class and let me know when you participate and I will record the participation. You will get 10 points per class when you speak up to a maximum of 100 points for the semester.

Course grades:

Exams (3* 100 points)	300 points
Homework (4* 25)	100 points
Papers (1*100 points)	100 points
Discussion	100 points
TOTAL	600 points

540-600	A
480-539	B
420-479	C
360-419	D
< 360	F

Plus/minus grades are assigned at the discretion of the professor.

Course policies:

1. Make-ups for exams are only permitted for documented illness/family emergency or for university sanctioned events. If you have problems during the semester, the sooner you can let me know, the sooner we can try to deal with them.
2. Late papers and late homework's will be penalized one letter grade per day.
3. Attendance is not mandatory but students are responsible for material covered in class and for being present to hand in papers and homework and to take exams.
4. You are expected to familiarize yourself with the syllabus and to be aware of when homework, tests, paper etc. are due.

Expectations:

1. I expect that you put forth effort in learning the material in this class. That means coming to class, doing the readings before class, working on your homework and papers, participating in class discussion and studying for exams. If you need assistance with the course material you should come to my office hours.
2. I expect that you are able to communicate effectively in writing. If your writing skills need improvement you should visit the Writing Center for help.

3. I expect that you treat me and your fellow students with respect in the classroom and in class discussions. Text messaging in class, reading the paper, reading or playing games on your laptop or chit-chatting is not considered respectful classroom behavior.
4. I expect that you behave with honesty and integrity. Following university policy and acts of academic dishonesty will be treated seriously. Plagiarism, cheating, and other forms of academic dishonesty will result in an “F” for the course and referral to the Office of Student Conduct and Conflict Resolution. Please see the university catalog for policy on this issue: <http://catalog.colostate.edu/front/policies.aspx>
5. I reserve the right to make changes to the syllabus as I deem necessary. I will announce any changes in class and by email. You should be in class regularly and check your email regularly.

Class Schedule:

Note: Below “TWP” refers to *The Worldly Philosophers* book and “Teachings” refers to the *Teachings from the Worldly Philosophy* book and “FME” refers to the *Fifty Major Economists* book.

- T Aug 25: Introduction (Heilbroner, TWP) and Introduction (Heilbroner, Teachings) and Introduction (FME)
- R Aug 27: Section I Earliest Economic Thought (Heilbroner, Teachings)
- T Sept 1: Chapter 2 The Economic Revolution (Heilbroner, TWP)
- R Sept 3: Section II The Commercial Revolution (Heilbroner, Teachings)  
Thomas Mun, William Petty, Richard Cantillon, Francois Quesnay (Pressman, FME)
- T Sept 8: Adam Smith and David Hume (reading on canvas)  
David Hume (Pressman, FME)
- R Sept 10: Chapter 3 The Wonderful World of Adam Smith (Heilbroner, TWP)  
Adam Smith (Pressman FME)
- T Sept 15: Section III The Classical Economists – Smith Reading *TMS* and *WON*  
(Heilbroner, Teachings)  
Homework 1 DUE IN CLASS.
- R Sept 17: Chapter 4 The Gloomy Presentiments of Parson Malthus and David Ricardo  
(Heilbroner, TWP), Section III The Classical Economists – Malthus and Ricardo  
(Heilbroner, Teachings)  
Thomas Malthus, David Ricardo (Pressman, FME)
- T Sept 22: Chapter 5 The Dreams of the Utopian Socialists (Heilbroner, TWP)  
Jeremy Bentham (Pressman, FME)
- R Sept 24: Section III The Classical Economists – Mill (Heilbroner, Teachings)  
John Stuart Mill (Pressman, FME)  
Homework 2 DUE IN CLASS
- T Sept 29: REVIEW
- R Oct 1: TEST 1
- T Oct 6: Chapter 6 The Inexorable System of Karl Marx (Heilbroner, TWP)

- R Oct 8: Section IV Karl Marx (Heilbroner, Teachings)  
Karl Marx (Pressman FME)
- T Oct 13: Chapter 7 The Victorian World and Underworld of Economics (Heilbroner, TWP)
- R Oct 15: Section V The Marginalists (Heilbroner, Teachings)  
Leon Walras, William Stanley Jevons, Carl Menger (Pressman, FME)
- T Oct 20: Chapter 8 The Savage Society of Thorstein Veblen (Heilbroner, TWP)  
Thorstein Veblen (Pressman, FME)
- R Oct 22: Section VI Twentieth Century Economists – Veblen (Heilbroner, Teachings);  
More on Institutionalism – reading on canvas.
- T Oct 27: Chapter 9 The Heresies of John Maynard Keynes (Heilbroner, TWP)  
Alfred Marshall (Pressman, FME)
- R Oct 29: Section VI Twentieth Century Economists – Keynes (Heilbroner, Teachings)  
John Maynard Keynes, Pierro Sraffa (Pressman, FME)  
Homework 3 DUE in class
- T Nov 3: REVIEW
- R Nov 5: TEST 2
- T Nov 10: Austrian economics and Friedrich Hayek – reading on canvas.  
Friedrich Hayek (Pressman, FME)
- R Nov 12: KEYNES vs. HAYEK (in class videos and discussion)
- T Nov 17: Chapter 10 The Contradictions of Joseph Alois Schumpeter (Heilbroner, TWP)
- R Nov 19: Section VI Twentieth Century Economists – Schumpeter (Heilbroner, Teachings)  
Joseph Schumpeter (Pressman, FME)
- T Nov 24: THANKSGIVING BREAK
- R Nov 26: THANKSGIVING BREAK
- T Dec 1: Chapter 10 The End of the Worldly Philosophy? (Heilbroner, TWP) and Section VI Envoi (Heilbroner, Teachings)
- R Dec 3: Glimpses of Recent Heterodox Thought – New Institutional Economics – reading by Douglass North on canvas.  
Douglass North (Pressman, FME)  
Homework 4 DUE IN CLASS
- T Dec 8: Glimpses of Recent Heterodox Thought – Feminist economics – reading on canvas.  
Barbara Bergmann (Pressman, FME)
- R Dec 10: REVIEW

Thursday December 17, 2015: 6:20-8:20pm FINAL EXAM in CLASSROOM