

HISTORY OF ECONOMIC THOUGHT

Economics 315
Fall 2003

Fred Moseley
Skinner 121
TTh: 2:30-3:30
or by appointment

The purpose of this course is to study the most important economic theories of the past in order to gain a better understanding, not only of these earlier economic theories, but also of the nature of economic theory in general and of the strengths and weaknesses of modern micro and macro economics. We will study the “great masters” of economics: Smith, Ricardo, Marx, Marshall, Keynes, and Keynes. We will examine these theories from both neo classical and Marxian perspectives. We will continually compare and contrast these two different perspectives. As the course proceeds, each student should think about which of these perspectives seems to be the most plausible and enlightening in understanding the history of economics.

Class sessions will be largely discussions. Study questions will be handed out for each set of readings. Students are expected to have read the assignment prior to class and to be prepared to discuss the study questions. It should be noted that the reading load for this course is quite heavy. This is unavoidable because we have to read both the original works of the masters and secondary sources from different perspectives. You should schedule sufficient time for careful study of the assigned readings. It is important to read all the assignments and to take good notes, even if everything is not initially understood. Better understanding should come with later discussions and further reflection. Hopefully, this intellectual journey through time will be exciting enough to make the hard work worthwhile.

Books available in the Odyssey Bookstore:

Blaug, Mark, *Economic Theory in Retrospect*
Keynes, J.M., *The General Theory of Employment, Interest, and Money*
Marx, Karl, *Capital*, Volume 1
Ricardo, David, *Principles of Political Economy*
Smith, Adam, *The Wealth of Nations*

LIST OF COURSE READINGS

Blaug, Mark. *Economic Theory in Retrospect*.

Heilbroner, Robert. “Modern Economics as a Chapter in the History of Economic Thought,”
History of Political Economy, 1979, pp. 192-98.

Keynes, John. *The General Theory of Employment, Interest, and Money*

Marx, Karl. Capital, Volume 1.

(2). Capital, Volume 3.

Moseley, Fred (1). "Marx's Theory of the Falling Rate of Profit"
in Glasner (ed.), Encyclopedia of Business Cycles.

(2). "Marx's Logical Method and the Transformation Problem,"
in Moseley (ed.), Marx's Method in Capital: A Reexamination.

(3). "Marx's Economic Theory: True or False? A Marxian Response to Blaug's Appraisal,"
in Moseley (ed.), Heterodox Economic Theories: True or False.

Ricardo, David. Principles of Political Economy.

Rubin, I.I. A History of Economic Thought.

Smith, Adam. The Wealth of Nations.

ASSIGNED READINGS

1. *ALTERNATIVE APPROACHES* to the history of economic thought

Blaug, [Introduction](#)

2. *SMITH*

a. [Growth and development](#)

Rubin, Chapter 18

Smith, Book 1, Introduction and Chapters 1 3

Book 2, Chapter 3

Blaug, Chapter 2 (pp. 33 37 and 53-54)

b. [Value and distribution](#)

Smith, Book 1, Ch. 4 (pp. 131-32), Chs. 6-7, Ch. 8 (167-72 and 189-90), Ch. 9 (pp. 190-91), and Ch. 11
(pp. 247-49 and 350-59)

Blaug, Chapter 2 (pp. 37 52)

c. [Welfare](#)

Smith, Book 4, Chapter 2 (pp. 452-59)

[Blaug, Chapter 2](#) (pp. 56-63)

3. *RICARDO*

a. [Value](#)

Rubin, Chapter 25

Ricardo, Preface and Chapter 1

Blaug, Chapter 4 (pp. 90-96 and 106-12)

b. [Distribution](#)

Ricardo, Chapter 2, 5, and 6

Blaug, Chapter 4 (pp. 85-89, 96-103, and 112-18)

c. [Comparative Advantage](#)

Ricardo, Chapter 7 (pp. 89-95)

Blaug, Chapter 4 (pp. 118-23 and 132-34)

FIRST PAPER: Assigned: October 2

Due: October 16

4. *MARX*

a. [Value](#)

Marx (1), Chapter 1 (Sections 1 and 2)

Blaug, Chapter 7 (pp. 254-57)

b. [Surplus value](#)

Marx (1), Chapters 4, 6, 7 (Sec. 2), 9 (Secs. 1 and 3), and 10 (Sec. 1) and 11

Blaug, Chapter 7 (pp. 215-18 and 257-60)

c. [Technological change](#)

Marx (1), Chapters 12, 15 (Sec. 6), 24 (Sec.) 1, and 25 (Secs. 1-4)

Blaug, Chapter 7 (pp. 247-49 and 260-62)

d. [Falling rate of profit](#)

Marx (2), Chapter 13 (pp. 211-16)

Moseley (1)

Blaug, Chapter 7 (pp. 235-47 and 268-71)

e. [Equal rates of profit \(the “transformation problem”\)](#)

Marx (2), Chapter 9 (pp. 154-60)

Moseley (2)

Blaug, Chapter 7 (pp. 218-31, 265-68, and 274-75)

f. [Evaluation](#)

Moseley (3)

Blaug, review points of evaluation

SECOND PAPER: Assigned: October 23

Due: November 6

5. *NEO CLASSICAL MICROECONOMICS*

a. [Early development](#)

Blaug, Chapters 8 (pp. 277-301)

b. [Value](#)

Blaug, Chapter 9 (pp. 311-16, 322-39) and Chapter 10 (pp. 354-63 and 404-05)

Intermediate Microeconomics textbook

c. Distribution

Blaug, Chapter 11 (pp. 406-11, 417-25, 447-54, and 466-68)

Intermediate Microeconomics textbook

5. *NEO CLASSICAL MICROECONOMICS* - continued

d. Welfare economics

Blaug, Chapter 15 (pp. 570-80)

Intermediate Microeconomics textbook

THIRD PAPER: Assigned: November 13

Due: November 21

6. *KEYNES AND MODERN MACROECONOMICS*

a. [Critique of the “classical” theory of the labor market](#)

Keynes, Preface and Chapters 1 2 and Chapter 19 (pp. 257-60)

Blaug, Chapter 16 (pp. 651-53)

b. [Theory of employment](#)

Keynes, Chapters 3 5, 18 (pp. 245-49) and Chapter 19 (pp. 260-71)

Blaug, Chapter 16 (pp. 653-61)

b1) [Keynes' trade cycle and "Concluding Notes"](#) (Chapter 22, p.313-324; Chapter 24)

c. [Modern macroeconomics](#)

Blaug, Chapter 16 (pp. 641-51 and 667-87)

Intermediate Macroeconomics textbook

FOURTH PAPER: Assigned: November 27

Due: December 11

7. [CONCLUSION](#): "Has Economic Theory Progressed?"

Blaug, Introduction and Chapter 17

Heilbroner

FINAL PAPER: Assigned: December 11

Due: December 20