Central European University

History of Economic Thought

Instructor:
Professor Julius Horvath, Ph.D.
Department of Economics Central European University
Spring 2015, MA level Course, 2 credit,
Course e-learning site: http://ceulearning.ceu.hu/
Office hours: after the class

Course Description
Master level class; no special pre-requisites are required; this course is accessible to anyone with an under-graduate background in social sciences or economics; this course presents review of the history of economic thinking and economic analysis; course covers the following topics: Introduction, Great Religions and the Origins of Economic Thought; Greek and Medieval Thought; Transformation Period; Western Europe before Smith; Smith, Ricardo, Marx; Emergence of Macro-economics, Veblen, Keynes, Schumpeter; Friedman, Hayek; Non-Mainstream Thought

Learning Outcomes
The main goal of this course is to provide students with understanding of historical evolution of economic thought. In other words, this course tries to explain how economic thinking got to be where it is today. In addition students are also led to formulate their own research question in the topic of their interest. We will discuss to a certain extent economic history, since understanding what was going on in the economy inpast helps to understand how people conceptualized the economy.
The syllabus covers wide ranging areas. In this course students are able to understand some historically important articles and concepts of the political economy and economics. They acquire a broad understanding of the evolution of economic thinking in the period of more than two thousand years. The emphasis is on societal milieu however issues relevant to policy are also considered. By the end of this course student will be able to evaluate different streams of economic thinking as well some personalities who had an impact of history of economic thought.

Course Requirements
- 15% of the final grade; presence in the course
- 20% of the final grade: a position paper on the article chosen by the instructor; not more than 1 page; position paper analyzes the article, evaluates the most important issue(s) in the article
- 65% of the final grade; final paper, maximum 6 pages; 1.5 space, topic approved by the instructor

COURSE SCHEDULE

Introduction
On Power of Ideas; Robbins-Schumpeter-Stigler on Teaching History of Thought; History of the Terms Oikonomike, Economics, Political Economy; To Whom Economists Speak To; Stories of Economists; History of Economic Thought as an Intellectual Discipline; How Important are Biographical and Context Elements in History of Economic Thought; Simplifications and Pedagogy; Collective Work and Individuals;

Literature
Dimand, Robert W., The Creation of Heroes and Villains as a Problem in the History of Economics, History of Political Economy, 2007, 39, 76-95

Economic Aspects in Traditional Religions

Literature
Gordon, Barry, The Economic Problem in Biblical and Patristic Thought, E. J. Brill, 1989,
Finley, M.I. The Ancient Economy, University of California Press, Berkeley and Los Angeles 1973

Greeks, Plato, Aristotle
Greek Thinkers: Homer, Hesiod, Xenophon, Socrates; Plato’s Blueprint for an Ideal State; Plato’s Economics; Aristotle’s Economic Writings; Use and Exchange Value; Aristotle on Private Property; Natural and Just; Aristotle On Money, On Commerce and Justice; Aristotle on Acquisition of Wealth;

Literature
Schumpeter, Joseph A., History of Economic Analysis, Edited from Manuscript by Elizabeth Boody
Schumpeter , New York, Oxford University Press, 1954, Fifth printing 1963, Chapter 1, Graeco-Roman Economics,
Steven G. Medema and Warren J. Samuels, Routledge, 2003, pp. 5-13

Medieval Economic Thinking
The Early Christianity; Wealth, Beggary and Sufficiency: the Mendicant Solutions; Help the Poor: Get Rid of Superfluities; Private Property versus Communal Property; Scholastic Thought; Just Price in Scholastic Economics; St. Thomas Aquinas on Commerce, Property, Fraudulent Behavior, and Usury;

Literature
Schumpeter, Joseph A., History of Economic Analysis, Edited from Manuscript by Elizabeth Boody
Schumpeter , New York, Oxford University Press, 1954, Fifth printing 1963, Chapter 2, The Scholastic Doctors and the Philosophers of Natural Law,
Aquinas, Thomas, Summa Theologica, Second Part of the Second Part, Questions 77 and 78, 1267-1273,
Grice-Hutchinson, Majorie, Economic Thought in Spain, Edward Elgar, 1993; Chapter One: Contributions of the School of Salamanca to Monetary Theory as a Result of the Discovery of the New World, pp. 1-23
Neves des, Joao Cesar, Aquinas and Aristotle’s Distinction on Wealth, History of Political Economy, 2000, 32:3
das Neves, Joao Cesar, Aquinas and Aristotle’s Distinction on Wealth, Historical of Political Economy, 2000, 32:3, 649-657

The Transformation Period
Modernity Begins; The Principle of Countervailing Passions; Money Making and Commerce; The Role of Providence in Social and Economic Matters before Adam Smith; XVII-XVIII Century Providential Elements in Economics; Whether Providence Favors Trade among Nations; Providence and Observed Inequality;

Literature:

Mercantilists
Political Economy Emerges; Eminent Mercantilists; Mercantilist Wage Theory; Jean Bodin; Mercantilist’ Monetary Theories; Reasons for Wanting More Bullion;

Literature
Viner, Jacob, Studies in the Theory of International Trade, 1937
Munn, Thomas, England’s Treasures by Forraign Trade or the Ballance of our Forraign Trade is the Rule of our Treasure, 1664, in History of Economic Thought: A Reader, edited by Steven G. Medema and Warren J. Samuels, Routledge, 2003, pp. 32-44

Birth of Macroeconomics: Petty, Law, Cantillon, Hume, Turgot, Quesnay
Petty’s Medical Beginnings; Idea of the Royal Society, Petty’s Work; Petty’s National Income Concept; John Law’s Life; Law’s Contribution to Macroeconomics; John Law and the Mississippi System; Cantillon’s Life; Beginning of Modeling; Cantillon’ Effect;

Literature

Adam Smith
Life; Hume-Smith Friendship; Smith on Market; Smith on Government; Contribution to Political Philosophy; Smith on Value, Market and Competition; Productive and Unproductive Labor; Books of Wealth of Nations;

Literature
Butler, Eamonn, Adam Smith—A Primer, The Institute of Economic Affairs, 2007

Classical Economists, Ricardo, Malthus, Hume
Ricardo’s Principles of Political Economy; Ricardo on Rent; Malthus on Population; Ricardo and Malthus on Under-Consumption; Hume’s Specie Flow Mechanism; Bullion Controversy; Say’s Law,

Literature

Utopians, Marx and Radicals
Utopian Socialists; Marx’ Life; Communist Manifesto; Dialectical Materialism; Marx on Classical Economists; Struggle between Classes; Marx’ Tone of Writing; Das Kapital; Marx on Movement of the Capitalist Economy; Schumpeter’s Interpretation of Marx; Marx’ Interpretation of History;

Literature
Marx, Karl and Friedrich Engels, Communist Manifesto (1848), Sections 1 and 2
Dobb, Maurice, Economic Theory and the Problems of a Socialist Economy, Economic Journal, 43, December 1933, 585-598

German Historical Thinking
Johann Gottlieb Fichte, Friedrich List, Goethe’s Faust, Wilhelm Roscher; Older Historical school Karl Knies and Bruno Hildebrand; Gustav Schmoller;

Caldwell, Bruce, Chapter 2 The German Historical School, in Bruce Caldwell, An Intellectual Biography of F.A. Hayek, The University of Chicago Press, 2004
Hicks, John, “Revolutions” in Economics, in Method and Appraisal in Economics, edited by S. Latsis, Cambridge University Press, 1976

Keynes
Keynes Life; On Communist Russia; On Depression; Intellectual and Human Characterization; Cambridge Civilization;

Literature


Internet Quotations from Bradford de Long Homepage

Schumpeter
Life; First Books; Schumpeter and Keynes; Capitalism, Socialism and Democracy; Methodology;

Literature:
Swedberg, Richard, Joseph A. Schumpeter, His Life and Work, Polity Press 1991
Schumpeter, Joseph A. Capitalism, Socialism, and Democracy, London, Allen and Unwin 1943
Schumpeter, Joseph A., Science and Ideology, the American Economic Review, March 1949, Volume 39, Number 2, pp. 345-59

Hayek
Family Background; Vienna, England in the 1930s; Anti-Socialist; Main Contribution; Money;

Literature
Ebenstein, Alan, Friedrich Hayek, A Biography, Palgrave, 2001

Veblen
Life, Teacher, Reformer, Theory of Leisure Class

Literature
Riesman, David, Thorstein Veblen, A Critical Study of an American Thinker of Wide Influence The Scribner Library, 1953, Charles Scribner’s Sons

Friedman, Samuelson

Literature
Overtveldt, Johan van, The Chicago School, Agate Chicago, 2007

**Non-Mainstream Economic Thought**

- Boulding, Dobb, Georgescu-Roegen, Michael Polanyi, Kornai, Catholic Social Thought
- Literature
    Oxford 1993, translated by David Field, original title *Profilo di storia del pensiero economico*,
    chapter 11
    History of Political Economy 40 (annual suppl.) 63-87
    U.K.: Elgar
  - Stanford Philosophy of Economics (2008), First published Fri Sep 12, 2003, revisions Tue Feb 26 2008
  - Rosenberg, Alexander (1992), *Economics – Mathematical Politics or Science of Diminishing Returns?* The
    University of Chicago Press 1992
    *INET Conference Paper*,
  - Lawson, Tony, *Really Reorienting Modern Economics*, INET Conference, King’s College, April 8-11, 2010
  - Fooley, Duncan K., "Mathematical Formalism and Political-Economic Content," *INET Conference, King’s
    College*, April 8-11, 2010

**Thinking about Socialist Economies**

Socialist Calculation Debate, Interpretation of Socialist Economies; Interpretation of Transition