

CALIFORNIA STATE UNIVERSITY, SACRAMENTO
Department of Economics

Economics 101
History of Economic Thought
Fall 2003

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Office Hours: TTH 2:00-4:00
and by appointment

- I. Required Texts: Hunt, E.K., History of Economic Thought
 Heilbroner, R., Teachings from the Worldly Philosophers
- II. Course Outline and Readings: N.B. The lecture series and readings are not designed to simply duplicate each other. While they are to some extent complementary, each is an independent entity, and the student will find that the lectures do not cover many points in the readings, and lectures will introduce arguments not contained in the readings. You must be responsible and take both readings and lectures seriously and not view them as substitutes.
1. Introduction:
 - A. The nature of the history of economic theories
 - B. What is being attempted
 - C. Overview of the theories being discussed

 2. The development of the Classical theory:**Hunt**, Chs 2, 3, 5.; **Heilbroner**: Chs 1, 2, 3 (Smith and Ricardo)
 - A. Social forces in formation
 - B. Antecedents of Classicists
 - i. Canonists
 - ii. Mercantilists
 - iii. Petty, Franklin, Locke
 - iv. Physiocrats
 - C. Adam Smith
 - i. General philosophy
 - ii. Theoretical framework
 - a. Division of labor
 - b. Production and unproductive labor
 - c. Theory of value
 - d. Theory of income distribution
 - e. Economic growth
 - D. David Ricardo
 - i. Social forces
 - ii. Early writings

- iii. Theory of value
 - iv. Theory of distribution
 - v. Theory of growth
3. The Anti-Classicist position in the Smith/Ricardo period: **Hunt**, Chs. 4, 6, 7,8; **Heilbroner**, ch. 5 (Bentham), 3 (Malthus, Mill).
- A. Social forces
 - B. The early Subjectivists
 - i. Bentham
 - ii. Say
 - C. The Malthusian population theory; Value and Distribution Theory; Rent
 - D. Early Proto-Socialist thought
 - E. The post-Ricardian reaction
 - i. Senior
 - ii. Bastiat
 - iii. Mill
4. Marxist theory: **Hunt**, Ch. 9; **Heilbroner**, Ch 4.
- A. Social forces
 - B. General introduction to Marx
 - C. Dialectical Materialism
 - D. Economic interpretation of history
 - E. Successive approximations
 - F. The Manifesto
 - G. Capital
 - i. Definition of commodity
 - ii. Theory of value
 - iii. Labor power
 - iv. Surplus value
 - v. Organic composition of capital
 - vi. Accumulation process
 - vii. Reserve army of the unemployed
 - viii. Tendency for the rate of profit to fall
 - ix. Counter-tendencies
 - x. Cycles
 - xi. Breakdown controversy
5. The Mature Neoclassical theory: **Hunt**, Chs. 10, 11; **Heilbroner**, Ch. 5 (Jevons, Walras, Marshall)
- A. Social forces
 - B. The utility theory of value
 - i. Predecessors
 - ii. Development of cardinal utility
 - iii. Ordinal developments in the 1930s

- C. Marginal productivity theory of production and distribution
 - i. The argument
 - ii. MP and justice
 - iii. Diminishing returns
 - iv. Plastic capital
- D. Summation of orthodoxy

6. Veblen: **Hunt**, Ch. 12; **Heilbroner**, ch. 6 (Veblen)

7. Keynes: **Hunt**, Ch. 15; **Heilbroner**, Ch. 6 (Keynes)

- A. Social forces
- B. Keynes' politics
- C. The General Theory
 - i. "Full" employment
 - ii. Expectations
 - iii. Basic Keynesian problem of lack of investment
 - iv. Role of government
 - v. Keynes' conclusion

III. Exams:

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|----------------|--|-----|
| <u>First:</u> | Sections 1 - 2 | 30% |
| <u>Second:</u> | Sections 3 | 30% |
| <u>Final:</u> | Inclusive, focusing on Sections 4 - 7 | 40% |

(We shall give some thought to reducing the number of mid-terms to one, following some discussion of the advantages/disadvantages of this possibility. Obviously, the weights for the different exercises would then have to be modified.)

NOTE WELL: This is a very difficult (though interesting) course. It demands time, careful reading, attendance, and critical evaluation of what you read and hear. Do not simply underline the material being read; rather, take notes and attempt to understand the arguments. Keep up with the readings and lectures. **No tape recording** of lectures is permitted unless special authorization has been given.

Read supplementary material (see below). I urge you to form small study circles for the purposes of collectively studying and analyzing the material. In your studies, always ask the question "why?"

I want you to start thinking and stop memorizing. Don't be afraid to talk to me, ask questions in class, or challenge any point I may make--but do so in a reasoned, critical fashion.

I am a relatively demanding instructor. Do not expect a decent grade unless you work. Missed examinations will be counted as failures. Obviously, absences for medical reasons, deaths in the family, etc. are excepted. Cheating will result in failure of the course. I have no provision for alterations of grades (except where an error was made). Do not come in at the end of the semester and attempt to bargain for a higher grade.

DROP POLICY: Any student may drop the course without reason up to the point of the first examination. Beyond that point, any withdrawal application must be supported by documentation consistent with University policy.

IV. Supplementary readings representing differing points of view:

A Science in its Youth, A. Anikin

Economic Theory in Retrospect, M. Blaug

The Economics of John Maynard Keynes, D. Dillard

Political Economy and Capitalism, M. Dobb

The Making of Neoclassical Economics, J. Henry

Theories of Surplus Value, K. Marx

History of Modern Non-Marxian Economics, A. Matyas

- Studies in the Labor Theory of Value, R. Meek

The Political Element in the Development of Economic Theory, G. Myrdal

The Meaning and Validity of Economic Theory, L. Rogin

A History of Economic Thought (1st or 2nd editions), E. Roll

The Origin of Economic Ideas, G. Routh

History of Economic Analysis, J.A. Schumpeter

The Place of Science in Modern Civilization, T. Veblen

As well, the journal History of Political Economy is given over to specialized writings in the area of economic thought. Some of these are useful. And, if you become truly interested in this stuff, on my Web site you'll find an extensive bibliography of references. The most useful Web site that I'm aware of in this area is:

<http://socserv2.socsci.mcmaster.ca/~econ/ugcm/3113/index.html>

This provides a hypertext of authors' works that can be downloaded.