

Office Hours: by appointment

History of Economic Thought II

1.0 Course Description

This course is designed to provide the student with a survey of the history of modern (20th century) economic thought beginning with the subjective utility and marginal analysis revolution of the late 19th century, the methodological disputes of the 1930s and 1950s (historicism, institutionalism, positivism, and formalism), the development of the formal model of general competitive equilibrium, the ascendancy of Keynesianism, the counter-revolution in macroeconomics, the development of law and economics, public choice and new institutionalism, and the rediscovery of political economy in the later decades of the 20th century. We will end with a discussion of what we have learned from the 20th century journey of economic thought that may impact the development of economic ideas in the 21st century.

Given my own background and inclinations, the fate of the Austrian school of economics will be central to the narrative we will be constructing. But the Austrian school is by no means the exclusive focus of the class discussion.

2.0 Course Readings

You are expected to do all the reading prior to class. Readings that are not from the required books will be available through the online discussion group. Do not skip any of the readings.

- Blaug, M. 1997. *Economic Theory in Retrospect* (5th ed.)
- Buchanan, J. 1962. *Public principle on Public Debt*, Vol. 2 in *The Collected Works of James M. Buchanan*.
- Hayek, F. 1948. *Individualism and Economic Order*.
- Hayek, F. 1933 & 1935. *The Prices and Production, and other works on Money, the Business Cycle and the Gold Standard*
- Keynes, J. 1936. *The General Theory of Employment, Interest and Money*.
- Kirzner, I. 1960. *The Economic Point of View*. Boettke and Sautet, ed., *The Collected Works of Israel M. Kirzner*, Vol. 1.
- Kirzner, I. 1963. *Market Theory and the Price System*. Boettke and Sautet, ed., *The Collected Works of Israel M. Kirzner*, Vol. 2.
- Mises, L. 1949. *Human Action*. Pocket Edition.
- Mises, L. 1922. *Socialism*.

- Rothbard, M. 1962. *Man, Economy and the State w/ Power and the Market* (Scholars ed.), Pocket Edition.
- Samuelson, P. 1997. *Economics: The Original 1948 Edition*

3.0 Grading Policy

Grades for this class will be determined on the basis of class participation (including online class discussion, 20% of final grade), take-home final (5 essay questions, 20% of final grade), and a research paper (60% of final grade). The research paper will be held to the standard of suitable or potentially suitable for submission to a field journal in history of thought. It will be impossible to receive a high mark in this class without writing a high quality paper.

4.0 Lectures

DATE	TOPIC	READING
August 29	Does Economics Have a Useful Past?	Blaug, chapter 1 Stigler 1969 Boulding 1971 Boettke, Coyne and Leeson 2011
September 5	LABOR DAY	
September 12	The Economic Point of View	Blaug, chapter 2, 4, 6, 8 Kirzner 1960
September 19	The Socialist Challenge	Blaug, chapter 7 Rothbard 1995, Vol. 2, chapter 9-13 [online]
September 26	The Mises Moment	Mises 1922 Mises 1949, chapter 11-13, 25-26
October 3	Istanbul	
Tuesday, October 11	Market Socialism	Blaug, chapter 11, 13 Mises 1949 Hayek 1948, chapter 7, 8, 9
October 17	Pre-Keynesian Macroeconomics	Blaug, chapter 5, 12, 15 Mises 1949, chapter 17-21 Hayek 1933 and 1935
October 24	Keynesian Economics	Blaug, chapter 16 Samuelson 1948, chapter 11-18 Hayek 1931, 1932

		Mises 1949, chapter 27-36 Rothbard 1962, chapter 11-12
October 31	The Political Economy of Keynes	Buchanan 1962 Samuelson 1948, chapter 7-8, 18 Buchanan and Wagner 1977 [online] Rothbard 1962, chapter 12
November 7	The Samuelson-Rothbard Divide: Post WWII Political Economy	Samuelson 1948 Rothbard 1962 [focus on the structure of the respective books and the explicit purpose each author attributes to the book and the discipline of economics]
November 14	The Counter-Revolution in Economics	Nobel Lectures in Economic Science [online] Hayek 1974 Friedman 1976 Stigler 1982 Buchanan 1986 Coase 1991 Becker 1992 North 1993 Lucas 1995 V. Smith 2002 Phelps 2006 Ostrom 2009
November 21	SEA/SDAE Conference	
November 28	The Development of Market Theory and the Price System	Blaug, chapter 9, 10, 11 (theory of profit) Mises 1949, chapter 14-16 Hayek 1948, chapter 2, 4, 5 Kirzner 1963
December 5	Does Economics Have a Promising Future?	Blaug, chapter 17 Hayek 1948, chapter 1 Mises 1949, chapter 39 Boettke 2010 Boettke 2011

Additional References with links

Boettke 2010, “20th Century Economic Methodology.”

<http://austrianeconomists.typepad.com/files/boettke-on-20th-century-methodology.pdf>

Boettke, 2011, “Economics for Yesterday, Today and Tomorrow.”

http://journal.apee.org/index.php/Spring2011_1

Boettke, Coyne and Leeson, 2011, “Earw(h)ig: I cannot hear you because your ideas are old.”

Boulding, K. 1971. “After Samuelson, Who Needs Smith?”

http://hope.dukejournals.org/cgi/pdf_extract/3/2/225

Buchanan and Wagner 1977. *Democracy in Deficit*.

<http://www.econlib.org/library/Buchanan/buchCv8c0.html>

Rothbard, M. 1995. *Classical Economics: An Austrian Perspective on the History of Economic Thought*, Vol. 2. <http://mises.org/books/histofthought2.pdf>

Stigler, G. “Does Economics Have a Useful Past?”

http://hope.dukejournals.org/cgi/pdf_extract/1/2/217?ssource=mfc&rss=1

Nobel Lectures in Economics Science

http://nobelprize.org/nobel_prizes/economics/laureates/