

Course Outline

1. Course Number and Title: Econ405 History of Economic Thought

Credits: 3

2. Course Description: This course is designed to provide an introduction to the contributions of major economic thinkers of the West from the late scholastics to the present. Students will examine the origins of ideas that continue to support the framework of economic theory. In addition, the course will highlight reasons for controversies, which have arisen among economists as the discipline evolves. As such, it is necessary to look at the historical context in which various economic theories have been applied. The course will equip students with a perspective that allows them to compare their own theories with those widely accepted in the economics profession, and to anticipate the direction of further intellectual progress.

3. Course Goals: When free markets first emerged as the dominant means of resource allocation, political philosophers tried to describe the remarkable efficiency of the mechanism they were observing. As they succeeded in identifying the key components of a market allocation system, the discipline of economics was born. This course honors the tradition of scholarship by showcasing the advances in economic theory that have paralleled the improvement in our living standards as market economies have transformed the world.

4. Course Learning Outcomes: Students will consider various ideas as their originators first presented them; and they will also follow the impact of those ideas as they were applied and developed by others. As part of this endeavor, students will explore the historical circumstances under which innovative theories arose. The relationship between the philosopher and his subject of inquiry is a dominant theme of the course. Upon completion of the course, the student will be able to:

1. Explain the need for understanding the origins of economics as a science
2. Differentiate between the views of the Physiocrats and the standard Classical approach
3. Summarize Adam Smith's contribution to the theory of markets
4. Discuss how John Stuart Mill restored the Ricardian system; Outline the key components of Ricardo's theory of value and Identify the weaknesses in Malthusian theory which account for its failure to predict population growth
5. Define the labor theory of value and reconstruct the historical context in which Marx developed the ideas represented in the *Communist Manifesto*.
6. Discuss how Marshall incorporated marginalism in his thought and his idea of equilibrium in economics.
7. Distinguish between Carl Menger's economic theory and the Classical theory; Elaborate on the ways that Alfred Marshall incorporated

- marginalism in his approach to models of decision-making; and Describe how Mises sees economics as part of a larger overarching science
8. Describe Keynes' vision and the reasons for his rejection of Say's Law; critique the effectiveness of Keynesian theory as a guide to the modern economy
 9. Critique Hayek's representation of the role of the entrepreneur in society and assess Mises' theory of the business cycle
 10. Construct an argument in favor of using Friedman's "Monetary Rule" as a guide to policy and propose guidelines for social policies that would incorporate Friedman's belief in the effectiveness of market incentives

5. Course Concepts:

1. The evolution of free markets
2. The origins of Classical Theory
3. The evolution of economics as a science
4. Refinements of Classical Theory
5. The Keynesian paradigm
6. The Austrian school

6. Required Texts:

Hayek, Friedrich *Individualism and Economic Order*. Chicago: University of Chicago Press, 1996. ISBN 0226320936.

Seyoum and Abraham, *Sources: Notable Selections in Economics*. Guilford CT: Dushkin/Mcgraw-Hill, 2000. ISBN 0073035904.

Skousen, Mark. *The Making of Modern Economics*. New York: M. E. Sharpe, 2001. ISBN 0-7656-0480-9.

Course Syllabus

Course Number: Econ405

Course Title: History of Economic Thought

Faculty: William Luckey, Ph.D.

Class Participation and Performance Requirements:

Students are ultimately responsible for participating in the course through the following academic activities: uploading assignments, posting to discussion topics, responding to instructor inquiries, submitting written papers and taking quizzes and exams. Students are expected to be involved in ongoing instructional activities based on the recommended schedule for course completion as detailed in the syllabus. In order to actively participate in a course, Students must make contact with their faculty mentor on a regular basis through one of the following methods:

- Uploading weekly written discussion topic responses into the Discussion section of the course delivery system for grading by your Instructor.
- Participation in discussion threads with the instructor and other

students.

- Posting of other assignments as identified by the course instructor.

Assessment submissions:

- 1) Required Essay: A paper of research and analysis, 10-pages minimum, on a topic related to the subject matter of this course. Your paper is due at the end of Session 9.
- 2) Contributions to Discussions: Answer two discussion questions per session and write no more than 250 words in your response.
- 3) Mid-term Examination: The Mid-term consists of four essay questions. Taken at the conclusion of Session 4.
- 4) Final Examination: The Final Exam consists of 10 essay questions of which you are expected to answer 5.

Assessment percentages and grading rubrics:

Required Essay	(30%):
Contributions to Discussions	(30%)
Mid-term Examination	(20%)
Final Examination	(20%)

Yorktown University official grade and writing rubrics are located at http://www.yorktownuniversity.com/grad_rubrics.cfm

Recommended Schedule for Course Completion

Session 1: Introduction. What is economics? Aristotle's economics. Modern definitions. Economics and reason. Economics and ethics.

Lectures:

Audio:

Intro and Unit: 1, 2

Assignments:

Required reading:

Skousen, Introduction and Chapter 1

Discussion Questions

In this session the groundwork was laid for an understanding of economics as a science. How should economics be defined? Why did it take so long for economics to be recognized as a science? Is there an ethical dimension to economics? What is it? Explain.

Learning Outcomes: 4:1

Session 2: Scholastics and Physiocrats. The economic thought of the late scholastic thinkers; the economic science of the Physiocrats

Lecture:

Audio:

Unit: 4

Assignments:

Required reading:

Seyoum and Abraham, Chapters 2, 3, and 5
Skousen, Chapters 1 and 2

Discussion Questions

1. Discuss the physiocrats' view of the value of manufacturing and entrepreneurs. Are they right or wrong?
2. What obstacles were the late scholastics up against which prohibited them from delving more fully into the nature of economics? Were some of these obstacles self-imposed; for example, by their academic disciplines; were some imposed by social institutions? If so, which ones? Are there any lessons to be learned today from this?
3. Is Say's Law true? Why or why not?

Learning Outcomes: 4:2

Session 3: Mercantilism; Adam Smith's *Theory of Moral Sentiments and Wealth of Nations*

Lecture

Audio:

Unit: 5, 6

Assignments:

Required reading:

Seyoum and Abraham, Chapters 1, 2, 3.
Skousen, Chapter 1.

Discussion Questions

1. How would Smith respond to modern-day claims that an unequal distribution of wealth in the U.S. creates social discord?
2. As the title indicates, Smith wrote his classic work to investigate "the nature and causes of the wealth of nations". Is the profession of economics still trying to answer this question?

Learning Outcomes: 4:3

Session 4: Ricardo; Malthus; Mill's economics

Lecture

Audio:

Unit: 7, 8

Assignments:

Required reading:

Seyoum and Abraham, Chapter 3
Skousen, Chapters 3, 4

Discussion Questions

1. David Ricardo was a proponent of "hard money." What is the real cause of "soft money"? How do politics enter into the determination of the money supply?
2. How do modern concerns about environmental quality (sometimes referred to as sustainable economics) share something in common with Malthusian theory?

Learning Outcomes: 4:4

Mid-term Examination

Session 5: Marxian economics

Lecture

Audio:

Unit: 10

Assignment :

Required reading:

Seyoum and Abraham, Chapter 4

Skousen, Chapter 6

Discussion Questions

1. Take an imaginary company. How does Marx's idea of the theory behind a company lead to his notion that the workers are exploited?
2. In the 1990's, Nike Inc. came under attack for exploiting its workers in third-world sweatshops. Once the pressure to change was great enough, Nike responded by improving factory conditions and increasing wages. Is there any way in which this response is consistent with Marxist theory?

Learning Outcomes: 4:5

Session 6: Marshall and Scientific Economics

Lectures

Audio:

Unit: 9, 11

Assignment:

Required reading

Skousen, Chap. 9

Discussion Questions:

- 1, What are the limits of mathematics based Economics?
2. How would one critique Malthus' theory of food and population, and how does this theory relate to Keynes?

Learning Outcomes: 4:6

Session 7: Menger and Boehm-Bawerk; Leon Walras; Ludwig von Mises; Schumpeter;

Assignment:

Required reading:

Seyoum and Abraham, Chapters 6 and 21,
Skousen, Chapters 12 and 16

Discussion Questions

1. Which aspects of Mises' theory regarding human action are consistent with the diffusion of economic power accompanying the internet revolution?
2. Mises asserts that the theorems of economics cannot be verified or falsified through examination; they are the conclusions of logical reason. Does this seem to make economics superior to other disciplines? Or does it make economics less scientific?

Learning Outcomes: 4:7

Session 8: Keynes and Keynesian Economics

Lecture:

Audio:

Unit: 12

Assignment:

Required reading:

Seyoum and Abraham, Chapter 8
Skousen, Chapter 13

Discussion Questions

1. Keynes developed his theory in response to the challenge of the Great Depression. What political factors account for the fact that Keynesian theory remains a popular policy approach long after the threat of a depression has passed?
2. Does Keynes represent a radical departure from the thought of his predecessors or just a further refinement?

Learning Outcomes: 4:8

Session 9: Hayek and the Austrian School's influence

Lectures:

Audio:

Hayek 1, 2, 3

Assignment:

Required reading:

Seyoum and Abraham, pp. 147-162
Skousen, pp., 292-296 and 302-305

Research paper Due

Discussion Questions

1. Compare the role of the entrepreneur in Hayek's theory with the role of the capitalist in Marx's theory. What accounts for the difference?
2. Carl Menger is considered a founder of the Austrian School, yet Hayek and Mises have taken on more of the status of "patron saints" than has Menger. What accounts for the high regard accorded to their contributions?

Learning Outcomes: 4:9

Session 10: Friedman and Monetarism

Lecture:

Audio:

Friedman

Assignment:

Required reading

Seyoum and Abraham, Chapter 7

Skousen, Chapter 15

Discussion Questions

1. Friedman put forth his ideas about monetary theory before the phenomenon of stagflation occurred. Once it was apparent that stagflation had become a persistent challenge, the Keynesian paradigm was an inadequate model for explaining the phenomenon or for suggesting policy responses. How did Friedman's view offer a way out?
2. In what ways are Friedman's views different from those of the Austrian School?

Learning Outcomes: 4:10

Final Exam