

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 (20<sup>th</sup> century) economic thought beginning with the subjective utility and marginal analysis revolution of the late 19<sup>th</sup> 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 20<sup>th</sup> century. We will end with a discussion of what we have learned from the 20<sup>th</sup> century journey of economic thought that may impact the development of economic ideas in the 21<sup>st</sup> 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.

- Mirowski, P. 1991. *More Heat than Light: Economics as Social Physics, Physics as Nature's Economics*.
- Mirowski, P. 2001. *Machine Dreams: Economics Becomes a Cyborg Science*.
- Caldwell, B. 2005. *Hayek's Challenge: An Intellectual Biography of F. A. Hayek*.
- Medema, S. 2009. *The Hesitant Hand: Taming Self-Interest in the History of Economic Ideas*.
- Blaug, M. 1997. *Economic Theory in Retrospect (5<sup>th</sup> ed.)*
- Kirzner, I. 2009. *The Economic Point of View*. Boettke and Sautet, ed., *The Collected Works of Israel M. Kirzner*, Vol. 1.

### 3.0 Grading Policy

Grades for this class will be determined on the basis of class participation (including online class discussion), weekly quizzes (1 question asked each week on reading), take-home final (5 essay questions), and a research paper. 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. But even if you write a high quality paper, you will still be ultimately graded on the basis of the other factors as well.

#### 4.0 Lectures

DATE	TOPIC	READING
August 30	Class Overview	Boettke, "Why Read the Classics in Economics," EconLib (Feb. 2000).
September 6	LABOR DAY	
September 13	Does Economics Have a Useful Past?	Stigler (1969) Boulding (1971) Boettke, Coyne and Leeson (2010) Schumpeter (1954, 3-11) Blaug (1996, 1-9; 689-704)
September 20	The Development of the Economic Point of View	Kirzner
September 27	The Founding of Neoclassical Economics	Blaug (1996, 277-310) Mirowski (1989, 193-275) Caldwell (2004, 17-130)
October 4	Neoclassical Production Theory	Blaug (1996, 406-548)
Tuesday, October 12	Class does not meet	
October 18	Money and Interest	Blaug (1996, 613-640) Caldwell (2004, 133-181)
October 25	The Socialist Calculation Debate	Blaug (1996, 215-276) Caldwell (2004, 205-260) Mirowski (2001, 232-308)
November 1	The Keynesian Episode	Blaug (1996, 641-675) Hicks (1967)
November 8	The Counter-Revolution in Macro	Blaug (1996, 676-688) Buchanan and Wagner (1977) Horwitz (1996)
November 15	The Debate Over Welfare Economics	Blaug (1996, 549-595) Medema (2009, 5-76)
November 22	Class does not meet	
November 29	Rediscovery of Political Economy	Medema (2009, 77-196) Caldwell (2004, 288-319)
December 6	The More Things Change, The More They Stay the Same	Boettke, Smith and Snow (2010) Blaug (1996, 143-171)
December 13	Where are We Going?	Boettke (2010a) Boettke (2010b) Boettke (2010c)