



ECO 4405 History of Economic Thought

BA in Business Administration
BA in Economics
Spring 2020

Professor:	Charles McFerren, MBA
Office hours:	By appointment
Availability:	
Course type:	core
Prerequisites:	ECO 1103, ECO 2204 or permission of the instructor
Credits:	4 hours
Number of hours per semester	14 weeks (weekly lecture and seminar) plus Exam Week, i.e., <ul style="list-style-type: none">• 2 90-minute seminars per week• 1 Final Exam
Class Timings:	<ul style="list-style-type: none">• Monday, 14:15 to 15:45• Wednesday, 14:15 to 15:45
Venue:	See "MyMcDaniel" and Blackboard

Course Description:

This course covers a sample of significant economic ideas from the 15th century to the present. The theory presented in introductory and intermediate economics courses has foundations in the Classical, Neoclassical, Keynesian, Institutional and Behavioral schools of economic thought. By studying the historical context and the existing theoretical background available to the original thinkers at the time, the student will learn to trace aspects of current "mainstream" economic arguments to their historical origin, to recognize the fundamental underlying principles of the arguments, and to critique these arguments in their historical context. Through this exposure to the continuum of economic thought, the student will be in a position to critically evaluate an economic argument from a historical perspective and to recognize both the strengths and limitations of that thought. In recognition of the fact that the history of economic thought is an ongoing process, the course is designed to show how modern thinkers (e.g., Fama, Thaler, Heckscher, Samuelson) have extended the scope of the field of economics.

Prerequisites:

Satisfactory completion of ECO 1103, ECO 2204 or permission of the instructor.

Learning outcomes:

After completion of this course, students will be able to:

- appreciate the richness and diversity of economic thought.
- view the world from “the shoulders of giants,” and develop an appreciation for the rich literary styles of past economists.
- appreciate the historical context associated with the development of many economic ideas and learn to evaluate economic theories from an historical perspective.
- exercise and improve reading, writing, and speaking skills related to technical literature.
- produce a significant well-researched summary and analysis of a significant economic idea.
- deliver a TED talk using modern media tools to inform an interested audience of the significance of the research undertaken for the course.

Methodology to be used:

The course is interactive and involves the presentation and discussion of concepts based on original sources. Reading original texts can be challenging. Patience and perseverance will refine the student’s reading and comprehension skills. Participating in the weekly class discussions will solidify the understanding of the material. Writing the significant term paper will introduce the student to the rigor of academic writing. Creating and delivering the TED talk will provide real-world practice in bridging the gap between academia and the business world.

Class attendance:

- There exists a strong positive correlation between class attendance and success on the homework assignments and exams.
- Following the third unexcused absence, however, the class participation grade will be reduced by 1% for each absence.
- A tardy arrival will be counted as half an absence.

Decorum and Internet Addiction Disorder (IAD)

The lectures provide a great opportunity to both unplug from technology and substantially cut back on screen time (minimum one and a half hours guaranteed per class). Therefore, the use of electronic equipment (i.e., for fidgeting, texting, browsing social network platforms, streaming videos on mobile phones, laptops, tablets, phablets, etc.) is not permitted. Each violation will count as an unexcused absence and result in the reduction of the class participation grade by 1 point.

Honor code

The course participants are expected without question to adhere completely to the McDaniel College academic honor code. Any violation will result in a zero for the given assignment and other possible sanctions.

Grading:

The final grade will be composed of the following components:

- 10% class attendance and decorum
- 20% mid-term exam
- 20% final exam
- 10% TED talk
- 40% term paper

Assessment, grading:

Grades are **earned** by the students based on class attendance, class decorum, graded assignments (group or otherwise), a midterm and a final exam.

Compulsory readings:

Alam, Mohammad Shahid, Commodities in Economics: Loving or Hating Complexity (March 30, 2016). Available at SSRN: <https://ssrn.com/abstract=2756839> or <http://dx.doi.org/10.2139/ssrn.2756839>

Boettke, Peter J. and Coyne, Christopher J. and Newman, Patrick, The History of a Tradition: Austrian Economics from 1871 to 2016 (March 18, 2016). Research in the History of Economic Thought and Methodology, Forthcoming; GMU Working Paper in Economics No. 16-18. Available at SSRN: <https://ssrn.com/abstract=2750212>

Béraud, Alain, and Guy Numa. "Beyond Say's Law: The Significance of J.-B. Say's Monetary Views." *Journal of the History of Economic Thought* 40, no. 02 (2018): 217-41. doi:10.1017/s1053837217000098.

Bos, Frits, Three Centuries of Macro-Economic Statistics (December 13, 2011). <https://ssrn.com/abstract=1971604> or <http://dx.doi.org/10.2139/ssrn.1971604>

Cohen, Avi J. and Emmett, Ross B., Why and How to Teach the History of Economic Thought: Economics as Historically Produced Knowledge. INTERNATIONAL HANDBOOK ON TEACHING AND LEARNING ECONOMICS, Gail Hoyt and KimMarie McGoldrick, eds., Edward Elgar, 2011; CHOPE Working Paper No. 2011-07; Economic Research Initiatives at Duke (ERID) Working Paper Series. Available at SSRN: <https://ssrn.com/abstract=1809762>

Fama, Eugene F. and French, Kenneth R., The Capital Asset Pricing Model: Theory and Evidence (August 2003). CRSP Working Paper No. 550; Tuck Business School Working Paper No. 03-26. Available at SSRN: <https://ssrn.com/abstract=440920> or <http://dx.doi.org/10.2139/ssrn.440920>

French, Craig W., Ancient Portfolio Theory (March 1, 2008). Available at SSRN: <https://ssrn.com/abstract=1115866> or <http://dx.doi.org/10.2139/ssrn.1115866>

Fulda, Joseph S., The 'Intuitive' Labour Theory of Value is Counterintuitive. *Economic Affairs*, September 2007. Available at SSRN: <https://ssrn.com/abstract=979888>

Heilbroner, Robert L. 1999. *The Worldly Philosophers: the Lives, Times, and Ideas of the Great Economic Thinkers*. New York: Simon & Schuster.

Jean-Baptiste Colbert and Mercantilism (source unknown)

Mensik, Josef. "Mathematics and Economics: The Case of Menger." *Journal of Economic Methodology* 22, no. 4 (December 2015): 479–90. <http://www-tandfonline-com.hoover2.mcdaniel.edu:2048/loi/rjec20>.

Merrill, Thomas. "Masters and Possessors of Nature." *The New Atlantis*, 2008. Series 19, Winter (2008). Accessed January 22, 2019. <https://www.thenewatlantis.com/publications/number-19-winter-2008>.

Mullainathan, Sendhil and Thaler, Richard H., Behavioral Economics (September 2000). MIT Dept. of Economics Working Paper No. 00-27. Available at SSRN: <https://ssrn.com/abstract=245828> or <http://dx.doi.org/10.2139/ssrn.245828>

Nelson, Robert H., Five Moral Philosophies on Economic Growth: Fundamental Perspectives on Assessing its Benefits and Costs (January 4, 2013). Available at SSRN: <https://ssrn.com/abstract=2211875> or <http://dx.doi.org/10.2139/ssrn.2211875>

Paganelli, Maria Pia. "How to Write a Thesis/Paper in History of Economic Thought: Some Suggestions." Yeshiva University. Accessed January 22, 2019. <http://manuelamosca.com/Tesi/Newlong-Notes.pdf>.

Ricciardi, Victor and Simon, Helen K., What is Behavioral Finance? *Business, Education & Technology Journal*, Vol. 2, No. 2, pp. 1-9, Fall 2000. Available at SSRN: <https://ssrn.com/abstract=256754>

Scheidel, Walter, From the 'Great Convergence' to the 'First Great Divergence': Roman and Qin-Han State Formation and its Aftermath (10/2007). Available at SSRN: <https://ssrn.com/abstract=1096433> or <http://dx.doi.org/10.2139/ssrn.1096433>

Sonnino, Paul. "Jean-Baptiste Colbert and the Origins of the Dutch War." *European Studies Review* 13, no. 1 (January 1983): 1–11. doi:10.1177/026569148301300101.

"TEDx Speaker Guide.". Accessed January 22, 2019. https://storage.ted.com/tedx/manuals/tedx_speaker_guide.pdf.

Thaler, Richard H. and Sunstein, Cass R. and Balz, John P., Choice Architecture (April 2, 2010). Available at SSRN: <https://ssrn.com/abstract=1583509> or <http://dx.doi.org/10.2139/ssrn.1583509>

Walker, Greg. 'When did "The Medieval" End?: Retrospection, Foresight and the End(s) of the English Middle Ages',. *The Oxford Handbook of Medieval Literature in English*. Oxford University Press, 2010. pp. 725-38

Recommended readings:

Blaug, Mark. *Economic Theory in Retrospect*. Cambridge: Cambridge University Press, 2003.

Cameron, Rondo E., and Larry Neal. *A Concise Economic History of the World: From Paleolithic times to the Present*. New York: Oxford University Press, 2016.

Harari, Yuval Noah. *Sapiens: A Brief History of Humankind*. New York: Harper Perennial, 2018.

Schumpeter, Joseph Alois. *History of Economic Analysis*. By Joseph Alois Schumpeter. New York: Oxford Univ. Press, 1976.

Screpanti, Ernesto, and Stefano Zamagni. *An Outline of the History of Economic Thought*. Oxford: Oxford University Press, 2010.

Strunk, William, and E. B. White. 2000. *The Elements of Style*. Boston: Allyn and Bacon.

Detailed class schedule, 1st – 14th week:

<u>Date of class</u>	<u>Topics to be discussed</u>
<u>Week 1</u> Feb. 3,5	<ul style="list-style-type: none">• Syllabus and Course Requirements• Introduction to History of Economic Thought; Read Cohen, 2011.• Read Paganelli, 2019.• Read TEDx Speaker Guide, 2019.• The Middle Ages and the Scholastics; Read Walker, 2012.• First Great Divergence; Read Scheidel, 2007.
<u>Week 2</u> Feb. 10, 12	<ul style="list-style-type: none">• The Rise of Science• Rene Descartes• Read Heilbroner, Chapters 1 and 2• Read Merrill, 2008.
<u>Week 3</u> Feb. 17, 19	<ul style="list-style-type: none">• Mercantilism• Jean-Baptiste Colbert• Read Sonnino, 1983• Read Jean-Baptiste Colbert and Mercantilism• Assignment #1 Due Friday, 21.2.20
<u>Week 4</u> Feb. 24, 26	<ul style="list-style-type: none">• Physiocracy• Francois Quesnay• Read Bos, 2011• Read Alam, 2016
<u>Week 5</u> Mar. 2, 4	<ul style="list-style-type: none">• Supply and Demand• Adam Smith

	<ul style="list-style-type: none"> • Read Heilbroner, Chapter 3.
<u>Week 6</u> Mar. 9, 11	<ul style="list-style-type: none"> • Utilitarianism • Jean-Baptiste Say • Read Nelson, 2013 • Read Béraud, 2018
<u>Week 7</u> Mar. 16, 18	<ul style="list-style-type: none"> • Comparative Advantage • David Ricardo • Read Heilbroner, Chapter 4 • Assignment #2 Due Friday, 20.3.20 • Note: March 15 is a Hungarian Holiday
<u>Week 8</u> Mar. 23, 25	<ul style="list-style-type: none"> • REVIEW Monday, March 23 • MIDTERM Wednesday, March 25
<u>Week 9</u> Mar. 30, Apr. 1	<ul style="list-style-type: none"> • Value of Economic Inputs • Karl Marx • Read Heilbroner, Chapter 6 • Read Fulda, 2007
<u>Week 10</u> Apr. 13, 15	<ul style="list-style-type: none"> • Spring Break Apr. 6-10 • Marginal Utility • Carl Menger • Read Mensik, 2014 • Read Boettke, 2016 • Read Heilbroner, Chapter 10
<u>Week 11</u> Apr. 20, 22	<ul style="list-style-type: none"> • Macroeconomics • John Maynard Keynes • Read Heilbroner, Chapter 9 • Assignment #3 Due Friday, 24.4.20
<u>Week 12</u> Apr. 27, 29 May 1 (Holiday)	<ul style="list-style-type: none"> • Capital Asset Pricing Model • Eugene Fama • Read French, 2008 • Read Fama et.al., 2003
<u>Week 13</u> May 4, 6	<ul style="list-style-type: none"> • Behavioral Economics • Richard Thaler • Read Mullainathan, 2000 • Read Ricciardi, 2010 • Read Thaler et.al., 2010 • Read Heilbroner, Chapter 11 • Assignment #4 Due Friday, 8.5.20
<u>Week 14</u> May 11, 13	<ul style="list-style-type: none"> • TED Talks
<u>Finals Week</u> May 18, 20	<ul style="list-style-type: none"> • COMPREHENSIVE FINAL EXAM, Monday, May 18 • Graded Exams and Course grades distributed, Wednesday, May 20