

The International College of Economics and Finance

Syllabus for the History of Economic Thought

Lecturer: Denis V. Melnik

Class teacher: Denis V. Melnik

Course description

History of Economic Thought is a two-module course.

The course is taught in English and Russian.

Teaching objectives

The purpose of the course is to give students an overview of the process of development of economic thought from the Antiquity till the second half of the 20th century. Special attention shall be paid to the nature of the problems the economists of all times faced and tried to solve. Understanding of continuity and changes in the problem solving activity of economists may contribute to a better grasp of the logic of the evolution of economics as a discipline. Upon successful completion of the course students should be able to distinguish between the main schools and trends in the history of economic thought and to understand the analytical foundations of the approaches in the economics of the 19th and 20th centuries.

Methods

The following methods and forms of study are used in the course:

- lectures
- classes
- teacher's consultations
- self-study

Assessment

Students ought to do a set of preparatory reading before participating in classes

The forms of assessment used on the course include marks for paper presentation and for seminar participation, an end-of-course exam (80-minutes written exam in which students are to answer two exam essay questions).

Assessment of seminar participation (G_1) accounts for 40%, midterm test (G_2) — for 10%, final exam grade (G_3) — for 50% of overall grade for the course respectively.

$$G_{final} = 0,4 * G_1 + 0,1 * G_2 + 0,5 * G_3$$

The scale of corresponding grades

100-point scale	10-point scale
87-100	10
79-86	9
71-78	8
63-70	7
54-62	6
45-53	5
35-44	4
27-34	3
19-26	2
0-18	1

Main reading

- I. Schumpeter J. *A History of Economic Analysis*. Oxford University Press, 1954.
- II. Roncaglia A. *The Wealth of Ideas. A History of Economic Thought*. Cambridge University Press, 2006

Supplementary Reading

1. Blaug M. *Economic Theory in Retrospect*. 5-th ed. Cambridge: Cambridge University Press 1991.
2. Keynes J.M. *General Theory of Employment, Interest and Money*. (any edition).
3. Marshall A. *Principles of Economics*. (any edition).
4. Ricardo D. *On the Principles of Political Economy and Taxation*. (any edition).
5. Smith A. *An Inquiry into the Nature and Causes of A Wealth of Nations*. (any edition).
6. Veblen T. *The Theory of the Leisure Class*.
7. Walras L. *Elements of Pure Economics*. Irwin, 1954.
8. Heilbroner R. *Worldly Philosophers*, Simon & Schuster (any edition).
9. Schumpeter J.A. *Ten Great Economists: From Marx to Keynes*. (any edition).
10. Friedrich List, *The National System of Political Economy*. (any edition)

Course Outline

1. Introduction into the course. Economic thought of Ancient Greece

History of economic thought as a discipline. Economic thought and economic analysis.

Plato's social and political theory.

Aristotle's 'realistic' approach, his main principles of analysis. Theory of justice and 'just price'.

Money, exchange and wealth in Aristotle's works.

[I], Part I, Ch. 1, par. 2, Part II, Ch. 1 Ch. 4 ; [II], 2.2.

2. Economic thought of the Middle Ages

General description of the social conditions.

What was the scholastic thought? Its foundations.

St. Thomas Aquinas as a representative of the scholastic thought. The concepts of money, value, usury, and just price.

Influence of the scholastic thought on the subsequent development in economic theory. The notion of natural law.

[I], Part II, Ch. 2 ; [II], 2.4–2.5).

3. Mercantilism

The development of the international market and the policy of the nation-states.

Mercantilist theory and practice. National schools of the Mercantilism.

[I], Part II, Ch. 7 ; [II], 2.6–2.7.

4. Theories of value and of money (16th – 18th centuries)

The notion of value and its significance. Value, price, and money.

The developments in value theory.

The developments in monetary theory.

[I], Part II, Ch. 7.

5. William Petty and the origins of Political Economy

A new method of inquiry.

The concept of wealth.

Commodity and market. Distribution and prices.

[III], 3.

6. The Physiocratic thought

Intellectual context of the Physiocracy.

Boisguilebert and Cantillon as precursors of Quesnay.

Quesnay's *Tableau Economique*: a model of the circular flow. The method and its future in economics.

The principles of economic policy. *Laissez-faire* doctrine.

Contribution of Turgot.

[II], Part II, Ch. 4 ; [III], 4.5–4.7 ;

7. Adam Smith's economic theory

His life and times. The tradition of the Scottish Enlightenment.

Smith's moral philosophy. 'The Smith's problem'.

The *Wealth of Nations* and its significance for economics as a discipline.

Smith's theory of value and distribution. The factors of the economic development. The division of labour. The notion of capital.

Economic liberalism.

[II], 5–4 ; [5], Books 1–2.

8. Economic science at the turbulent time

Reforms and the Revolution.

Malthus: 'a dismal science'.

The problem 'Say's law' vs. the under-consumption theories (Malthus, Sismondi).

Bentham's utilitarianism

[III], 6

9. David Ricardo

His life and times. The Ricardian methodology.

Ricardo's theory of value and distribution. Money and taxation. International trade theory and the Corn Laws. Technological change and employment.

The Ricardian School.

[II], 7 ; [4], Ch. I, IV, VII, XXXI.

10. Economic science of 1830s – 1860s

A general overview. Economics and ideology. The rise of the socialist ideas. Bastia as a defender of economic liberalism.

Debates on money and credit in the English literature.

J.S. Mill: the first synthesis in economics.

[II], 8.

11. Economic and social theory of Karl Marx

His life and times. Political economy and philosophy. The Marxian methodology.

Marx and the classical school.

Theory of commodity fetishism. Theory of value. The concept of exploitation. Theory of reproduction. Marx on economic dynamics.

Some results of revolutionary experiments: theory and practice of Marxism.

[III], 8.

12. The Historical School

German tradition of *Staatswissenschaft*. Romanticism and conservatism.

List: his life and ideas.

The old historical school as a reaction to the classical school. The concept of “National economy” and problems of economic policy.

Evolution of the historical school. Schmoller and *Methodenstreit*.

The historical school in Russia.

“New” historical school: Sombart and Weber.

[10], Ch. XI, XV.

13. The Marginalist revolution

The context and the results. The precursors of the marginalism.

Methodological changes. A subjective theory of value. The concept of equilibrium. Rational choice. Mathematical methods in economics.

The schools of marginalism.

Jevons: theoretical model of exchange. Utility and price.

J.B. Clark and the theory of marginal productivity.

The Austrian school of marginalism. Methodological principles. The concept of economic goods. Exchange and price. Capital and interest rate in the Böhm-Bawerk’s theoretical system.

[III], 10 ; [9], Ch. 6.

14. General economic equilibrium

The Lausanne school. Walras and Pareto.

General equilibrium model and its significance. Existence, uniqueness and stability of equilibrium. Equilibrium and optimum.

The social implications of the general equilibrium theory.

[III], 12 ; [9], Ch. 2.

15. Partial equilibrium analysis: Alfred Marshall

Marshall’s theoretical synthesis. Methodological ideas and use of mathematics.

Partial equilibrium method. Concept of elasticity. Representative firm.

Long-run and short-run analysis. Consumer and producer surplus. Theory of welfare and taxes.

[III], 13 ; [3], Book 1, Ch. II, Book 3, Ch. IV, Book 5, Ch. 5.

16. American institutionalism

Veblen: his life and ideas. Veblen’s critique of neoclassical theory. Analysis of institutions. The impact of the institutions on behaviour of economic agents.

Relationship between industry and commerce.

Further developments of the “old” institutionalism.

[8], Ch. 7.

17. Studies in business cycles and economic development

Early explorations into the theory of cycles.

M.I. Tugan-Baranovsky and his theory of crises. N.D. Kondratiev and his contribution to the theory of economic dynamics. Soviet debates on industrialisation.

Schumpeter’s theory of economic development

The concepts of modernization.

R. Prebisch and Latin American structuralism.

[III], 15 ; [8], Ch. 9.

18. John Maynard Keynes and the Keynesian revolution

Keynes’ life and writings, his intellectual background.

Keynes’ monetary theory.

The *General Theory*. Liquidity preference. The concept of multiplier. Savings and investment. Recommendations for economic policy. Rejection of Say's law and of laissez-faire doctrine. Keynes and the Keynesian theory.
[III], 14, par. 1–5 ; [2] 1, 3, 24.

19. Economic theory after Keynes

The foundations of the new synthesis. The American Keynesians. The Post-Keynesian school. The theories of economic growth. Economics of the welfare state. The rise of the monetarism.
[III], 14, par. 6–9.

Distribution of hours for topics and types of work

No	Topics titles	Contact hours	
		Lectures	Classes
1.	Introduction into the course. Economic thought of Ancient Greece	2	2
2.	Economic thought of the Middle Ages	2	2
3.	Mercantilism	2	2
4.	Theories of value and of money (XVI – XVIII cent.)	2	4
5.	William Petty and the origins of Political Economy	2	2
6.	The Physiocratic thought	2	2
7.	Adam Smith's economic theory	2	2
8.	Economic science at the turbulent time	1	1
9.	David Ricardo	2	2
10.	Economic science of 1820s – 1860s	1	1
11.	Economic and social theory of Karl Marx	2	2
12.	The Historical School	2	2
13.	The Marginalist revolution	4	4
14.	General economic equilibrium	1	1
15.	Partial equilibrium analysis: Alfred Marshall	1	1
16.	American institutionalism	2	1
17.	Studies in business cycles and economic development	2	1
18.	J.M. Keynes and the Keynesian revolution	2	2
19.	Economic theory after Keynes	2	2
		36	36