

University College London
Department of Economics

History of Economic Thought (ECON0008)

Aims:

This module provides students with an exciting opportunity to participate in the revival of interest in the history of economic thought which is now occurring in response to the current financial and economic crisis.

- The module will accordingly relate the study of economic ideas of the past to current debates and discussions on the unfolding events of the present.
- The module will show how reassessing the ideas of the past provides a unique opportunity to think 'outside the box' and address economic issues which had become unfamiliar within economic theory as it has existed in recent times.
- The module will show how the history of economic thought not only provides the best possible introduction to the study of economics but is also a fundamental aspect of the formulation of economic ideas which can adequately address the issues of the present.
- The module will acquaint students with carefully chosen selections from some classic texts of economic thought which they will be able to cite throughout their student career and beyond.
- The module will have strong career relevance, in providing students with the ability to engage in informed discussion with specialists and non-specialists alike on issues currently receiving widespread attention in the media and public debate generally.

Objectives:

On completing this module, students will have gained:

- an understanding of the context of the original formulation of some fundamental analytical methods and theoretical concepts in use by economists today;
- an understanding of the changing context of the application of these methods and concepts in subsequent periods up to the present;
- an understanding of the applicability or otherwise of these methods and ideas in relation to the specific characteristics of the world economy today;
- an acquaintance with some classic texts of economic thought and an ability to cite them in their application of economic analysis;
- an ability to think critically about the limits of economic analysis in a broader socio economic context;

- an awareness of the relation of economics to other social science disciplines;
- an ability to bring their awareness of the history of economic ideas to bear on their assessment of wider economic discussions and debates on economic affairs of topical interest today;
- an ability to engage in informed discussion with specialists and non-specialists alike on issues currently receiving widespread attention in the media and public debate generally, which will be particularly relevant in job interviews, etc.

Typical methods of assessment:

75% Coursework (2,000 Words)

25% Coursework (500 Words)

Sample Lecture Topics

1 Some roots of economic analysis

- 1.1 Balance of trade and 'wealth of nation'
- 1.2 The Quantity Theory of Money
- 1.3 Efficiency in production

2 Classical political economy (1): The Physiocrats and Adam Smith

- 2.1 Classical themes; surplus, distribution, circulation.
- 2.2 Smith: Division of labour and the extent of the market.
- 2.3 The benefits of trade: from Mun to Smith

3 Classical political economy (2): From Smith to Ricardo and Malthus

- 3.1 Smith: Free competition and 'natural liberty'
- 3.2 Smith: Corporations, monopoly and privilege
- 3.3 Ricardo: From static to dynamic analysis: machinery, gross output, and distribution
- 3.4 Ricardo: Population and diminishing returns in agriculture

4 Classical political economy (3): Ricardo

- 4.1 Rent as differential rent
- 4.2 Distributive shares
- 4.3 Demand in Classical Political Economy

5 From classical political economy to marginalism

- 5.1 Utility and the margin
- 5.2 From value to price

Trade theory:

- 5.3 Ricardo and resource allocation: comparative advantage
- 5.4 Trade and 'late-comers': arguments for protection

6 Classical economics

- 6.1 Marginalism: from first to second generation.
- 6.2 Marginal productivity and factor rewards
- 6.3 Profit and competition
- 6.4 'Classical economics'

7 Keynes and classical economics

- 7.1 The Great Depression and the classical response
- 7.2 Keynes's challenge to the classical approach
- 7.3 "The prefix general"

8 Overview and up-date (1) Two traditions in macroeconomics

- 8.1 Post-war Keynesian demand management
- 8.2 Classical revival: the monetarist critique of demand management
- 8.3 Rational expectations and supply-side economics
- 8.4 'New Keynesian' responses to the supply-side critique.

9 Overview and up-date (2) Monetary theory

- 9.1 The Quantity Theory of Money and early modern monetary theory – *review*
- 9.2 The Equation of Exchange as Money Demand
- 9.3 Keynesian monetary theory
- 9.4 Friedman: the Quantity Theory of Money restated

10 Overview and up-date (3) Trade theory

- 10.1 'English' classical political economy and the gains from trade – *review*
- 10.2 'Late-comers': arguments for protection – *revise 5.4*
- 10.3 From post-war Keynesianism to Washington Consensus
- 10.4 'Post Washington Consensus' and current trade issues