

EC316 From the Study of Political Economy to the Science of Economics (Spring 2020)

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Office Hours: Tuesdays, 12:30-2:00 p.m. or by appointment.

Course Description

The course will focus on the issues of the “proper” scope and methods of economic research as seen by different economists from the mid-nineteenth century through the twentieth century. Students who have successfully completed the Core Course “Origins of Political Economy” have the opportunity in this course to further follow the arc of social scientific analysis of economic affairs starting from the end of classical political economy (John Stuart Mill and Karl Marx). This will be followed by the early uses of so-called “marginal analysis” to the subject of consumer demand. The last third of the nineteenth century was also notable for the controversy that erupted between the advocates of the use of formal theory vs. those advocating historical study, i.e., the Menger-Schmoller Methodenstreit. Finally, the Keynesian and econometric revolutions of the mid-twentieth century with a brief examination of the so-called Austrian school as well as a sampling from heterodox critics of mainstream of economic science will round out the required course readings.

Requirements

Prerequisites

Besides having completed IS303 “Origins of Political Economy”, students should have taken EC110 “Principles of Economics” or their equivalents before taking this course.

Course Readings

There is no textbook for the course. Thanks to the internet, almost all the readings are one click and a download away... (see next page)

Reading assignments will be selected from the following list [bracketed items are not required readings!]:

Begin your course reading here:

[1] **Hausman, Daniel M.** [Economic Methodology in a Nutshell](#). *Journal of Economic Perspectives*. Vol. 3, No. 2 (Spring, 1989), pp. 115-127.

A Few Mid-19th Century Thoughts

[2] **Mill, John Stuart.** [On the Definition of Political Economy and on the Method of Investigation Proper to It](#). Essay V in *Essays on Some Unsettled Questions of Political Economy* (London, 1844), pp. 120-164.

[3] **Marx, Karl.** Chapter 1, Sections 1-3 of [Grundrisse: Foundations of the Critique of Political Economy \(Rough Draft\)](#).

[4] **Jevons, William Stanley.** [The Future of Political Economy](#) (Introductory Lecture October 2, 1876 at University College, London), *The Fortnightly Review* vol. XX (New Series), 1876, pp. 617-631.

Methodenstreit

[5] **Friedrich Hayek.** [Introduction to Menger's Principles of Economics](#).

[6] **Menger, Carl.** [Investigations into the Method of the Social Sciences](#). (1985 English translation of 1883 German original)

["Zur Methodologie der Staats- und Sozialwissenschaften" in *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im deutschen Reich* 1883. *Irrthümer des Historismus in der deutschen Nationalökonomie*, 1884.]

[7] **E. v. Boehm-Bawerk.** [The Historical vs. The Deductive Method in Political Economy](#). *Annals of the American Academy of Political and Social Science*, 1890. 244-271.

[8] **Charles F. Dunbar.** [The Reaction in Political Economy](#). *Quarterly Journal of Economics*, Vol. I (October, 1886), pp. 1-27.

[9] **William J. Ashley.** [On the Study of Economic History](#). An Introductory Lecture delivered before Harvard University, January 4, 1893. *Quarterly Journal of Economics*. Vol. VII., No. 2; January, 1893.

A Pair of Classic Statements

[10] Keynes, John Neville. [*The Scope and Method of Political Economy*](#) (3rd ed., revised). London: Macmillan, 1904.

[11] Robbins, Lionel. [*An Essay on the Nature and Significance of Economic Science*](#). London: Macmillan, 1932. Chapters I, IV-VI.

A Founding Father of American Institutional Economics

[12] Veblen, Thorstein. The Preconceptions of Economic Science. *Quarterly Journal of Economics*.

I. Vol. 13, No. 2 (January, 1899), pp. 121-150.

II. Vol. 13, No. 4 (July, 1899), pp. 396-426.

III. Vol. 14, No. 2 (February, 1900), pp. 240-269.

Reprinted in Thorstein Veblen, [*The Place of Science in Modern Civilisation and Other Essays*](#) (New York, 1919).

Economics à la Cambridge, England

[13] Marshall, Alfred. [*The Present Position of Economics: An Inaugural Lecture*](#) (24 February, 1885). London: Macmillan, 1885.

[14] Marshall, Alfred. [*The New Cambridge Curriculum in Economics*](#). London: Macmillan, 1903.

[Groenewegen, Peter D. Alfred Marshall and the establishment of the Cambridge Economic Tripos. *History of Political Economy*. 20:4, November 1988.]

Mathematical Economics

[15] Irving Fisher. [*Cournot and Mathematical Economics*](#). *Quarterly Journal of Economics*, Vol. 12 (January, 1898), pp. 119-138.

[16] Paul Samuelson. [*Economic Theory and Mathematics—An Appraisal*](#). (with comment by Fritz Machlup) *American Economic Review*. Vol. 42, 1952: 56-69.

[E. Roy Weintraub. *How Economics Became a Mathematical Science*. Durham, N.C.: Duke University Press, 2002.]

Keynesian Macroeconomics

[17] Keynes, John Maynard. [The General Theory of Employment](#). *Quarterly Journal of Economics*. Vol. 51, No. 2 (Feb. 1937), pp. 209-223.

[18] Leijonhufvud, Axel. Introduction of [On Keynesian Economics and the Economics of Keynes. A Study in Monetary Theory](#). New York: Oxford University Press, 1968.x

A Taste of Austrian Economics

[19] Boettke, Peter J. [Austrian School of Economics](#). *The Library of Economics and Liberty* website.

[20] [Friedrich August Hayek \(1899-1992\)](#). *The Library of Economics and Liberty* website.

[21] Hayek, Friedrich. [Economics and Knowledge](#). *Economica* (February 1937).

[22] Hayek, Friedrich. Chapter 4. [The Use of Knowledge in Society](#). In *Individualism and Economic Order*. London: Routledge and Kegan Paul, 1949.

Econometrics/Business Cycles

[23] Jevons, W. Stanley. [Investigations in Currency and Finance](#). London: Macmillan, 1884. Chapters I, VI-VIII.

[Sandra J. Peart. [Sunspots and Expectations: W. S. Jevons's Theory of Economic Fluctuations](#). *Journal of the History of Economic Thought*, 13, Fall 1991.]

[24] Koopmans, T. C. Measurement without theory. *Review of Economics and Statistics* 29 (August, 1947): 161-72.

[25] Vining, R. Methodological issues in quantitative economics. (With a reply by Koopmans and a rejoinder by Vining.) *Review of Economics and Statistics* 31 (May, 1949): 77-94.

Feminist Economics

[26] Nelson, Julie A. [Feminism and Economics](#). *Journal of Economic Perspectives*. Vol. 9, No. 2, Spring 1995: pp. 1331-148.

Art of Persuasion

[27] McCloskey, Deidre (Donald) N. [The Rhetoric of Economics](#). *Journal of Economic Literature* Vol. 21, No. 2 (June, 1983), pp. 481-517.

Schedule
(Reading assignments tentative)

	Tuesday 9:00-10:30 a.m.	Thursday 9:00-10:30 a.m.
Jan 28/30	Introduction/Course Mechanics	[1] Hausman
Feb 4/6	[2] J. S. Mill	[3] Marx
Feb 11/13	[4] Jevons	[5] Hayek; [7] Boehm-Bawerk
Feb 18/20	[6] Menger	[8] Dunbar; [9] Ashley
Feb 25/27	[10] J. N. Keynes	[11] Robbins
Mar 3/5	[12] Veblen	[12] Veblen, continued.
Mar 10/12	[13], [14] Marshall	[15] Fisher
Mar 17/19	[16] Samuelson	Review, Catch-up
Mar 24/26	[17] J. M. Keynes	[18] Leijonhufvud
Mar 31/Apr. 2	[19] Boettke; [20] Hayek Biography; [21] Hayek	[22] Hayek
Apr 7/9	<i>Spring Break</i>	<i>Spring Break</i>

Apr 14/16	[23] Jevons	[23] Jevons, continued.
Apr 21/23	[24] Koopmans	[25] Vining
Apr 28/Apr 30	[26] Nelson	[27] McCloskey
May 5/7	Student Presentations	Student Presentations
May 12/14 Completion Week	<u>Final Exam</u> <u>9:00-10:30</u>	

Note: Completion week is from May 12-14. Students are required to be on campus during completion week!

Academic Integrity

Bard College Berlin maintains the staunchest regard for academic integrity and expects good academic practice from students in their studies. Instances in which students fail to meet the expected standards of academic integrity will be dealt with under the Code of Student Conduct, Section III Academic Misconduct.

Attendance

Attendance at ALL classes is expected. More than two absences (that is absences from two sessions of 90 minutes) in a semester will significantly affect the participation grade for the course. *Students are responsible* for consulting the Student Handbook for regulations governing periods of illness or leaves of absence.

Assessment and Grade Breakdown

Course grades will be based on

- Regular and active class participation [25%]
- Six preassigned abstracts of session readings together with five questions for class discussion (no more than 2 pages each). Best five of the six grades count toward the grade. [25%]
- A 20 minute end-of-semester presentation [10%]
- A 90 minute short-answer examination covering the readings [40%]

Policy on Late Submission of Written Work

In accordance with Student Handbook regulations, problems sets that are no longer than 24 hours late will be downgraded one full grade (from B+ to C+, for example). Written assignments [when applicable] that are more than 24 hours late and up to four weeks past the deadline will be awarded a grade of no higher than C.

Thereafter, the student will receive a failing grade for the assignment.