



## **CIEE Global Institute – Berlin**

<b>Course name:</b>	History of Economic Thought from Marx to Hayek
<b>Course number:</b>	ECON 3003 BRGE
<b>Programs offering course:</b>	Berlin Open Campus (Business Track)
<b>Language of instruction:</b>	English
<b>U.S. semester credits:</b>	3
<b>Contact hours:</b>	45
<b>Term</b>	Fall 2018

### **Course Description**

Mainstream economic textbooks tend to represent the field as a collection of universal laws and insights. However, economics emerged through a long historical process in which authors, in a dialogue with the works of their predecessors, tried to provide answers for pressing problems of society. The course investigates this historical process, and devotes attention to the historical context as well as the analytical contents of the theories. The study of the history of economic thought contributes to a critical understanding of economics and reinforces the insights in contemporary economics through an understanding of the underlying historical process of development. On the one hand the course provides broad overviews, but on the other hand special attention is devoted to the economic thought of several important economists from Marx to Hayek.

### **Learning Objectives**

Upon the completion of the course the students will:

- Be conversant with the major schools of economic thought, their philosophical premises and central theorems, and be able to describe the historical process of development of these theories
- Apply the knowledge and understanding gathered about economic theories towards analyzing the development of economic variables



- Be acquainted with central concepts of economic theory, such as the notion of value, economic growth, wealth, welfare state, inequality, etc.
- Be able to use autonomy of judgment in selecting the most reliable sources of research, in applying a constructive critical approach in the process of analysis, and in assessing the outcomes of a certain economic development
- Learn to develop critical thinking, produce coherent and well-argued critical explanations of and solutions for a wide variety of economic problems
- Be able to use and interpret economic graphs and tables to explain relationships between various economic variables

### **Course Prerequisites**

There are no official prerequisites for this course. However, a good background in economics, introductory economics, business, international relations, or history would be an asset.

### **Methods of Instruction**

The course is structured to be highly interactive. Students will take part in reviewing the material of the previous session, as well as in summarizing the core points of the current session. Furthermore, students are expected to take part in discussions and debates, which will in most cases not be about 'right' or 'wrong' but rather about using plausible arguments to analyze economic problems, evaluate differing perspectives and learn how to think critically. In order to encourage enquiry-based learning, students will be asked, beyond the reading itself, to answer questions, either individually or in groups, about an assigned article / chapter.

### **Assessment and Final Grade**

Students will receive a final grade for the course according to the following criteria:



Attendance and Class Participation	20%
Homework	10%
Presentation	30%
Final Research Paper	40%

## **Course Requirements**

### **Class participation**

Students are encouraged to participate actively in class discussions and thereby contribute to the interactive approach to the course. It will be expected that students read the assigned texts carefully, take notes and prepare questions in order to help foment a debate in class that is characterized by well-built arguments and constructive ideas. The aim should be to not only reconstruct well-established opinions but also to provide critical interpretation and further develop existing ideas in creative ways.

### **Homework**

Students are expected to complete a variety of exercises and smaller projects related to the assigned reading material.

### **Presentation**

The students will be asked to deliver 1 in-class presentation about a project of their choice that is related to the history of economic thought. The topic should be communicated to and approved by the instructor. The presentation should include a scholarly explanation of why the topic was selected, as well as a justification of the structure chosen. Furthermore, the student should address the methodological approach that has been used to research the topic, as well as include expected preliminary research results. The presentations are to be prepared and given individually and should be submitted electronically, either in PowerPoint or PDF format, to the instructor via Canvas after they have been given.



### **Final research paper**

The students are expected to submit a research paper on the topic they presented in class. The paper should be 3,000 words long and follow academic standards with regard to structure, formatting, bibliography and citations, grammar and spelling.

### **Excursions and Out-of-Classroom Activities (Subject to Change)**

Two excursions will be offered as out-of-class learning experiences. The first excursion is to the Rosa Luxemburg Foundation, where we will gain insights into the relevance of Marxian theory in current times. Secondly, we will visit the Berlin School of Economics and Law, where you will hear a presentation about the application of post-Keynesian economics and the currently hottest points of debates and research in the field of economics.

- Excursion 1: Rosa-Luxemburg-Stiftung, Franz Mehring Platz 1, 10243 Berlin.
- Excursion 2: Berlin School of Economics and Law (HWR Berlin), Badensche Str. 50-51, 10825 Berlin, presentation related to post-Keynesian economics.

### **Participation**

As part of your work in this course, students should demonstrate learning beyond the submission of written assignments or presentations. As such, all students receive grades based upon participation.

Participation is valued as meaningful contribution in the digital and tangible classroom, utilizing the resources and materials presented to students as part of the course. Students receive grades based upon their contributions both in the classroom and in the Canvas course.

Meaningful contribution requires students to be prepared, as directed by the Instructor, in advance of each class session. Students must clearly demonstrate they have engaged with the materials where directed.

This includes valued or informed engagement in, for example, small group discussions, online discussion boards, peer-to-peer feedback (after presentations), interaction with guest speakers, and attentiveness on co-curricular and outside-of-classroom activities.



### **Attendance Policy**

Regular class attendance is required throughout the program, and all unexcused absences will result in a lower participation grade for any affected CIEE course. Due to the intensive schedules for Open Campus and Short Term programs, unexcused absences that constitute more than 10% of the total course sessions will also result in a lower final grade.

Students who transfer from one CIEE class to another during the add/drop period will not be considered absent from the first session(s) of their new class, provided they were marked present for the first session(s) of their original class. Otherwise, the absence(s) from the original class carry over to the new class and count against the grade in that class.

For CIEE classes, excessively tardy (over 15 minutes late) students must be marked absent. Attendance policies also apply to any required co-curricular class excursion or event, as well as to Internship, Service Learning, or required field placement. Students who miss class for personal travel will be marked as absent and unexcused. No make-up or re-sit opportunity will be provided.

An absence in a CIEE course will only be considered excused if:

- a doctor's note is provided
- a CIEE staff member verifies that the student was too ill to attend class
- satisfactory evidence is provided of a family emergency

Attendance policies also apply to any required class excursion, with the exception that some class excursions cannot accommodate any tardiness, and students risk being marked as absent if they fail to be present at the appointed time.

Unexcused absences will lead to the following penalties:

<i>Percentage of Total Course Hours Missed</i>	<i>Equivalent Number of Open Campus Semester classes</i>	<i>Minimum Penalty</i>
Up to 10%	1	No academic penalty



10 – 20%	2	Reduction of final grade
More than 20%	3 content classes, or 4 language classes	Automatic course failure, and possible expulsion

### **Weekly Schedule**

NOTE: this schedule is subject to change at the discretion of the instructor to take advantage of current experiential learning opportunities.

#### **Week 1 Economic Thought Before Adam Smith**

- Session 1: Introduction (Science, Ideology and Paradigms in the History of Economic Thought)
- Session 2: Precursors to Smith (Greek philosophers and Scholasticism)
- Session 3: Mercantilism and the Physiocrats

Readings:

Blaug (2001)

Hunt/Lautzenheiser (2011), ch. 1, 2

Medema/Samuels, pp. 3, 16, 30-44 (Aristotle, Thomas Aquinas, Thomas Mun)

#### **Week 2 mid-19th The Classical School of Thought (The British Tradition: Late 18th to century)**

- Session 4: Smith and Ricardo on the Theory of Value
- Session 5: The Classical Economists on the Determinants of Economic Growth



- Session 6: Classical Theories of Trade

Readings:

Hunt/Lautzenheiser (2011), ch. 3, pp. 112-116, 119-120, 134-138

Medema/Samuels (2003), (Value Theory): 161-165 (Smith), 259-272 (Ricardo),

Medema/Samuels (2003) (Economic Growth): 156-161; 165-179 (Smith), 196-207; 282-290 (Ricardo).

### **Week 3      Neoclassical Economics**

- Session 7: Marginalist and Walrasian General Equilibrium Analyses
- Session 8: The Neoclassical View of Money and Credit
- Session 9: The Neoclassical Economists on Policy Effectiveness

Readings:

Hunt/Lautzenheiser (2011), ch. 10, 11

Medema/Samuels (2003) pp. 443-462 (Menger), 462-477 (Walras), 501-522 (Marshall).

### **Week 4      Marxist Economics**

- Session 10: Marx and the Labor Theory of Value
- Session 11: Marx on Distribution
- Session 12: Marx's Theory of Capital Accumulation and Crises

Readings:

Hunt/Lautzenheiser (2011), ch. 9

Medema/Samuels (2003) pp. 375-407

### **Week 5      Keynesian Economics**



- Session 13: Keynes' Analysis of Capitalist Depressions
- Session 14: The Keynesian View of Money, Credit and Financial Markets
- Session 15: Keynes on the Efficacy of Economic Policies

Readings:

Hunt/Lautzenheiser (2011), ch. 15

Medema/Samuels (2003) pp. 588-608

## **Week 6      Contemporary Economics**

- Session 16: The Chicago and Austrian Schools (Friedman, Hayek)
- Session 17: Post-Keynesian Economics (Kalecki, Minsky, Davidson)
- Session 18: Revival of the Debate about the Effects of Income Distribution on Growth

Readings:

Friedman, M. (1970) (Monetarism)

Minsky, H. (1992) (Financial instability hypothesis)

Lavoie, M. (2007), ch. 1 (post-Keynesian economics)

### **Readings**

Blaug, M. (2001): 'No History of Ideas Please, We're Economists', *The Journal of Economic Perspectives*, Vol. 15, No. 1, 145-164.

*Perspectives*, Vol. 15, No. 1, 145-164.

Friedman, M. (1970): 'A theoretical framework for monetary analysis', *Journal of Political Economy*, March.

Galbraith, J.K. (1987): *A History of Economics: The Past as the Present*, Penguin.



- Hunt, E.K., Lautzenheiser, M. (2011): *History of Economic Thought: A Critical Perspective*, New York: M.E. Sharpe.
- Kaldor, N. (1985): *The Scourge of Monetarism*, Second Edition, Oxford: Oxford University Press.
- Lavoie, M. (2007): *Introduction to Post-Keynesian Economics*, Basingstoke: Macmillan.
- Medema, S., Samuels, W. (2003): *The History of Economic Thought: A Reader*, London: Routledge.
- Minsky, H. (1992): 'The financial instability hypothesis', Working Paper No. 74, Levy Economics Institute of Bard College.

### **Additional Readings**

- Blaug, M. (1996): *Economic Theory in Retrospect*, Cambridge: Cambridge University Press.
- Friedman, M. (1968): 'The role of monetary policy', *The American Economic Review*.
- von Hayek, F. (1945): 'The Use of Knowledge in Society', *American Economic Review*, vol. 35 (4), September.
- Kalecki, M. (1943): 'Political aspects of full employment', *Political Quarterly*, 14 (4), October-December, 322-331, reprinted in Kalecki (1990), 347-357.
- Keynes, J.M. (1936): *The General Theory of Employment, Interest and Money*, reprinted in: *The Collected Writings of J.M. Keynes*, Vol. VII, London, Basingstoke, 1973.
- Marx, K. (1867, 1894): *Capital*, (Vol.1, chapter 25 and Vol. 3, chapters 8-10)
- Ricardo, D. (1821): *On the Principles of Political Economy and Taxation* (chapters I-VIII).
- Say, J.P. (1803): *A Treatise on Political Economy*, Book I (chapter XV)



- Schumpeter, J. (1954): *History of Economic Analysis*, ed. Elizabeth Boody Schumpeter, New York: Oxford University Press (pp. 3-11 and 33-47).
- Smith, A. (1937 [1776]), *An Inquiry into the Nature and Causes of the Wealth of Nations*, Book I and Book IV, ed. Edwin Cannan, New York: Modern Library.
- Sweezy, P. (1968 [1942]): *Theory of Capitalist Development*, New York: Modern Reader.