

History of Economic Thought

Professor Hugh Rockoff

Fall 2017
Economics 327

Index #18421
Tuesday-Friday 9:50-11:10
Frelinghuysen A5

Index #18422
Tuesday-Friday 11:30-12:50
Murray 213

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Office Hours: 3:00-4:00 Tuesday and Friday, or by appointment. If class is cancelled, office hours are also cancelled.

Prerequisites: 220:102 and 103, or 200. Note: Econometrics is not required for this course. Therefore it is a lower level course. It can count toward your major, but only as a lower level course. All economics majors must take 7 elective economics courses and a minimum of 4 of those must be upper level electives.

Readings: There is no textbook. There are, however, assigned readings that you can download from Sakai.

There are also reading questions. These are specific points to look for (and hopefully keep you engaged) while you are reading. Some of the reading questions will turn up on the exams. *If you email me I will not tell you whether XXX is the right answer to a reading question? No.* I will answer questions about the lectures, or questions about the readings unrelated to the reading questions, but when it comes to the reading questions you are on your own.

Attendance. I will keep track of class attendance – a signup sheet will be passed around – and attendance will count as 7% of your grade.

I also ask that that you be polite. Do not make a habit of coming late. When you miss a class you alone bear the cost. When you are late you impose a cost on the

whole class. If you must come late, remember that you are a bad person. Tiptoe into class and sit in the back. If you come to class, stay until the end. Getting up and leaving in the middle of a class is disruptive and insulting. If you must leave early, sit in the back and quietly tiptoe out of the class. Do not sit in the front row, jump up, knock over three chairs, and run out slamming the door behind you.

Grading. There are two exams during the term and a final exam. Each of the in-term exams will count 24%, the final will count 44%, and attendance will count 8%. True, 8% does not sound like a lot, but if you are close to a higher grade it can make a big difference. Why do I count attendance? Because you learn things that are hard to test for on an exam, and because “showing up” is an important life skill.

The grading scale will be the usual Rutgers Scale: 90%-100% = A, 85%-89% = B+, 80%-84% = B, 75-79% = C+, 70-74% = C, 60%-69% = D, below 60% = F. I will also try dropping the lower of the two in-term exams, and counting the remaining in-term as 32%, the final as 60%, and attendance as 8%. If that calculation produces a higher average, that will be your average for the semester. The grades will be curved (I will add a few fudge points) if the standard curve proves to be too tough. Happens occasionally.

If you miss an exam. If you miss an exam you must make it up. Only students who miss an exam for medical reasons or similar misfortunes (struck by lightning, run over by a train, attacked by alien drone, etc.) will be allowed to take a makeup without penalty. Students without a valid excuse will be subject to a 9-percentage-point penalty (92 percent on the exam, an A, becomes 83 percent, a B). You must, of course, make up the final if you miss it. Again, students without a valid excuse for missing the final will be subject to a 9-percentage-point penalty. In-term exams will consist of multiple-choice questions and short-written questions such as definitions. The final exam will consist entirely of multiple-choice exams.

Learning Outcomes. This course will increase your understanding of economics in two ways. First it will help you master some of the key ideas in economics. Some students find economic ideas other worldly and hard to master when presented in their modern, complicated, and sometimes highly mathematical, forms. Seeing how those ideas developed over time often allows students to grasp ideas that had previously eluded them. In addition, this course will help you put economic ideas that they learn in other courses into broader philosophical and historical contexts.

Where is Everything? Everything you need for this course -- the syllabus, the readings, reading questions, practice exams, etc. -- will be on the sakai site. Remember, however, that computers have a way of going down at unfortunate times. Make copies of what you will need. Don't, for example, wait until two hours before the final exam to download the practice final.

Schedule of Lectures and Readings		
Class Meeting, Date	Topic of Lecture	Readings.
1. Tues., September 5	Schools of Economic Thought	No Reading
2. Friday, September 8	Adam Smith (Economic Man)	“Smith – the Authority of Conscience” Portrait of Adam Smith (Download and place under your pillow.)
3. Tuesday, September 12	Adam Smith (The Invisible Hand)	“Smith -- Of the Division of Labor”
Friday, September 15	No Class	No Reading Assignment
4. Tuesday, September 19	Thomas Robert Malthus	“Malthus -- Essay on Population.”
5. Friday, September 22	Classical Macroeconomics	“Notes on Classical Macroeconomic Theory”
6. Tuesday, September 26	The Classical Case for Free Trade	“Notes on Comparative Advantage.” Bastiat -- "A Petition" and "A Negative Railroad"
7. Friday, September 29	David Ricardo -- The Theory of Rent	“Notes on the Theory of Rent”
8. Tuesday	Karl Marx -- The	“Notes on the Labor Theory of Value”

October 3	Labor Theory of Value	“Marx – the Factory Acts”
Friday October 6	No Class	No Reading Assignment
9. Tuesday October 10	Karl Marx -- The Future of Capitalism	Continue the readings by and about Marx
10. Friday October 13	FIRST EXAM	100 Points, multiple-choice and short-answer questions, stressing, but not limited to, the lectures. Some of the reading questions will be on the exam.
11. Tuesday October 17	William Stanley Jevons (my hero) -- Utility, Price Indexes, Money, and Sunspots	“The Life of William Stanley Jevons”
12. Friday October 20	Alfred Marshall -- Supply and demand, time, and consumer surplus	"Notes on Marshall's consumer surplus."
13. Tuesday October 24	Leon Walras -- General Equilibrium Theory (I)	“Notes on Leon Walras”
14. Friday October 27	Leon Walras -- General Equilibrium Theory (II)	Continue to read “Notes on Leon Walras”
15. Tuesday October 31	Thorstein Veblen	"Veblen – the World of Thorstein Veblen"
16. Friday November 3	John Kenneth Galbraith	“Essay on Galbraith” “Galbraith – Economics as a System of Belief”
17. Tuesday November 7	The National Bureau of Economic Research	“Economic Growth and Income Inequality” by Simon Kuznets
18. Friday November 10	Joseph Schumpeter	“The Contradictions of Joseph Schumpeter,” Heilbroner.

19. Tuesday November 14	John Maynard Keynes (I) -- Labor Markets and Unemployment	“The Heresies of John Maynard Keynes,” by Heilbroner
20. Friday November 17	SECOND EXAM	100 Points, multiple-choice and short- answer questions, stressing, but not limited to, the lectures. Some of the reading questions will be on the exam, and there might be a few other questions from the readings not covered in class.
Tuesday November 21	No class (Thursday classes at Rutgers)	
Wednesday November 22	No class (Friday classes at Rutgers, but our class is cancelled.)	
Thursday November 23	No Class Thanksgiving	
Friday November 24	No Class Thanksgiving	
21. Tuesday November 28	John Maynard Keynes (II) -- Monetary Policy	Keynes – “Concluding Notes on the Social Philosophy towards which the General Theory might Lead.”
22. Friday December 1	Milton Friedman (I) -- The Counterattack on Keynesian Economics	“Interview with Milton Friedman,” “Autobiography of Milton Friedman” “Friedman -- The Role of Monetary Policy”
23. Tuesday December 5	Milton Friedman (II) - - Economic Policy	Continued reading the articles by and about Friedman
24. Friday December 8	Milton Friedman (III) – Flexible Exchange Rates	“Notes on Flexible Exchange Rates”
25. Tuesday December 12	Ronald Coase	Coase – Autobiography Coase – Nobel Prize Lecture

Thursday December 13	Reading Day	
26a. Thursday December 21 8:00 AM – 11:00 AM	<p>FINAL EXAM</p> <p>For students registered for Index #18422 which meets Tuesday-Friday 11:30-12:50 in Murray 213. The exam will be in Murray 213 unless you receive a message to the contrary.</p> <p>The final will be all multiple-choice. Most likely half will be review and half new material since the second exam. But the exact percentages may be revised. You must take the final with section you registered for or you will be assessed a penalty that conceivably could ruin your life.</p>	
26b. Friday, December 22 8:00 AM – 11:00 AM	<p>FINAL EXAM</p> <p>For students registered for Index #18421 which meets in Frelinghuysen A5 Tuesday-Friday 9:50-11:10. The exam will be in Frelinghuysen A5 unless you receive a message to the contrary</p> <p>The final will be all multiple-choice. Most likely half will be review and half new material since the second exam. But the exact percentages may be revised. You must take the final with your assigned section or you will be assessed a penalty that conceivably could ruin your life.</p>	

Let's Have a Great Semester.