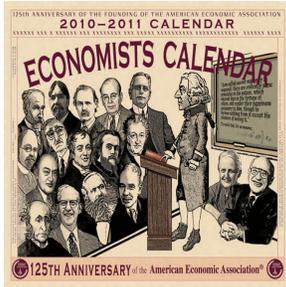




## ECON 490 R3 : Topics in Economics

### History of Modern Economic Thought

Tuesdays and Thursdays; 2:00-3:20PM; 329 Davenport Hall



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Office Location: David Kinley Hall 23

Office Hours: By appointment

This syllabus is tentative.

### Course Description:

This course is about the history of ideas in economics to help students to understand and appreciate the intellectual development of the “dismal science” that have shaped the world as we know it. The first half of the course will be devoted to the era of mercantilism, followed by the school of the Physiocrats, and then covering the ideas of what Keynes coined as ‘classical economists’, such as Smith, Malthus, Stuart Mill, Ricardo, and Marx among others.

The second half of the course will start from Keynes and Keynesianism (yes! they are different), followed by the monetarists up to the Lucas critique and the rational expectations revolution. The neoclassical synthesis and its origins will serve as a bridge to move from “classical” to “modern” economic thought.

Finally, the course will explore the impact of the history of ideas in the current macro-development literature. A reflection on the methodological aspects of economics as a science will take place during the semester as well, probably at the beginning of the course. In the end, this is nothing but a story of scientific revolutions with several paradigms opposing each other, and influencing the economic policy that has transformed the fate of nations. As Keynes wrote in the first pages of his *General Theory* (1936), “the ideas of economists (...) are more powerful than is commonly understood. Indeed, the world is ruled by little else”.

Reading prior to the classes is expected from the students. This course involves intensive reading. In economics you are what you read, and if you don’t read... Nevertheless, don’t get overwhelmed with the material. The purpose of the class is precisely discussion so that we can all learn together and become better economists. Plus, we are in the presence of greatness: These economists are responsible for evolution and revolution in the profession.

## Reading Material:

The course will follow several book chapters and articles that will be timely provided according to our progress in the class. Nevertheless, throughout the semester I expect the students to read – cover to cover – the entertaining book of Robert Heilbroner (1999) entitled *The World Philosophers: The Lives, Times, and Ideas of the Great Economic Thinkers.*, 7<sup>th</sup> Edition. New York: Touchstone. We will also use extensively Mark Blaug’s book entitled *Economic Theory in Retrospect.*, 5<sup>th</sup> Edition. Cambridge: Cambridge University Press.

## Topics:

1. Epistemology in Economics: The Einstein – Samuels – Khun debate on the nature of (social) sciences.
2. Before Adam Smith: Mercantilism and the Physiocrats.
  - (a) Thomas Mun
  - (b) François Quesnay
3. Adam Smith (and the classics):
  - (a) Adam Smith
  - (b) David Ricardo and Thomas Malthus.
  - (c) Jean Baptiste Say.
  - (d) John Stuart Mill.
  - (e) Karl Marx.
4. The Marginal Revolution:
  - (a) Williams Stanley Jevons, Marie-Esprit-Léon Walras, and Vilfredo Federico Damaso Pareto.
  - (b) John Richard Hick and Alfred Marshall.
  - (c) Irving Fisher.
5. Keynes – Toward a Monetary Theory of Production:
  - (a) John Maynard Keynes.
  - (b) Roy Harrod and Evsey Domar.
  - (c) Nicholas Kaldor and Joan Robinson.
6. The other Keynes: IS-LM and stabilization policies:
  - (a) Hicks and the IS-LM.

(b) James Tobin, Robert Solow and Paul Samuelson.

7. Keynesianism perils:

(a) The Austrian School: Ludwig von Mises, Friedrich Hayek, and Carl Menger.

(b) The Chicago School: Frank Knight, Milton Friedman, and George Stigler.

8. Neoclassical economics and the rational expectations revolution:

(a) John Muth and Robert Lucas.

(b) Thomas Sargent and Neil Wallace.

(c) Kydland and Prescott.

9. Economic growth and development:

(a) Lucas.

(b) Walt Whitman Rostow and Simon Kuznets.

(c) Joseph Alois Schumpeter.

(d) Douglass North.

**Grade Distribution:**

Quizzes	10%
Participation in class	15%
Essay 1 (in class)	20%
Essay 2 (in class)	20%
Essay proposal (in class)	10%
Final Essay (take home)	25%

**Letter Grade Distribution:**

$\geq 93.00$	A	73.00 - 76.99	C
90.00 - 92.99	A-	70.00 - 72.99	C-
87.00 - 89.99	B+	67.00 - 69.99	D+
83.00 - 86.99	B	63.00 - 66.99	D
80.00 - 82.99	B-	60.00 - 62.99	D-
77.00 - 79.99	C+	$\leq 59.99$	F

**Course Policies:**

- Although attendance will not be monitored, participation in class is extremely important and will be reflected in your grade.

- Attendance means nothing if there is no discussion from each and every student (not necessarily every day but on a regular basis).
- Quizzes and in-class essays are closed book, closed notes.
- No pop quizzes, it's a promise, but keep reading.