316-311 History of Economic Thought

This course examines the history of economic analysis. It discussed the major ‘schools’ from the 1600s, but emphasis is given to the development of neoclassical economics. An opportunity to examine any of a wide range of other topics is given by the choice of assignment topics.

The course begins by discussing the nature and importance of studying the history of economic analysis. It considers alternative approaches which may be taken. Major contributors to the history of economic analysis are introduced and the approach taken in this course is explained.

The main themes and periods in the development of economics from the 17th century are outlined. These involve the Merchantilists, Political Arithmeticians, Physiocrats, Classical Economists, Neoclassical Economists and finally modern developments. The major contributors to the subject are introduced. The backgrounds and preoccupations of economists in the different periods are discussed.

Attention then turns to the development of the theory of exchange, a central part of economic analysis. Recognition of this central role is examined and the major ‘branches’ in the development of the theory from the early 1800s are discussed.

First, the non-utility analyses of exchange, largely in the context of international trade, are examined. This involves, in particular, the contributions of Cournot, Walras, J.S. Mill and Marshall.

The introduction of a utility analysis is then considered, allowing for a more sophisticated treatment of problems in what is now referred to as welfare economics. This involves mainly the contributions of Jevons and Walras, whose similarities and contrasts are considered.

The neoclassical development of the theory of exchange, involving technical aspects and, importantly, welfare economics and links with moral philosophy, reached its
apogee with Edgeworth. He both synthesised and extended earlier analyses. His major contributions are examined.

Some of the main contributions of Marshall are then discussed including, among other things, his introduction of the concepts of elasticity and consumers’ surplus.

Finally, the transition in economics experienced during the 1930s is examined.