

ECON 4560: History of Economic Thought.

Spring 2023

Instructors: Fernando Arteaga and Andrej Svorenčik

TA: Rodrigo Moralez Mendoza

Dates MW 13:45-15:15

Location: PCPE - AUD

1. Course overview

Is the market price a just price? Why may a centralized command economy work within firms but not across societies? Why is capital a troublesome concept to define? Why do central banks monopolize the issue of currency? Is credit money? Should economics study non-economic aspects of social life? Is economic growth the responsibility of the State? This course will examine and discuss these and many other important perennial micro and macroeconomic questions. The emphasis will be put on exploring these issues from a historical perspective. We will address how intellectuals of the past approached these topics, and more importantly, we will assess how they still influence the way we think about economics today.

The class serves as a complement to standard economics courses. The aim is to broaden the student's understanding of economic issues—by reflecting on how past thinkers, and the debates in which they were involved, created the current shared pool of knowledge in our profession. The class is organized in a topical rather than chronological way. We will survey several themes: from some technical issues like the Cambridge capital controversies to more epistemic and normative questions like trying to answer what is the proper role of an economist.

2. Instructors

A few words about us. Fernando (FA) is originally from Mexico. He received a B.Sc. in Economics from UNAM in Mexico City, Mexico. He got his Ph.D. in Economics from George Mason University. His research focuses on economic history, the economics of institutions, and development economics.

Andrej Svorenčik (AS) hails from Slovakia. He received a doctorate in economics from the University of Utrecht. For his work on the history of experimentation in economics, he was awarded the Joseph Dorfman Best Dissertation Prize of the History of Economics Society. He also received the Best Book Award from the European Society for the History of Economic Thought.

Rodrigo Morales Mendoza (RMM) is a PhD candidate in Economics at UPenn. He is originally from Mexico City. His research interests include the mathematical tools and machine learning environments applied to macroeconomic questions.

The best way to reach is via email arteaga@sas.upenn.edu & asvo@sas.upenn.edu. We usually answer questions via email within half a day. We also have the following office hours.

FA: Monday 10:00-12:00, PCPSE Room 533

AS: Tuesday 14:00-15:00, location TBA or (ideally) via zoom

RMM: Tuesday, 10:00 - 11:00

3. Readings

We will mainly be reading journal articles. All of them will be available to download in Canvas. In addition, they can also be downloaded from either JSTOR or alternative academic repositories, all of which can be accessed through Penn library.

4. Class structure

The class will be organized around three components:

- i) 19 in-person lecture sessions starting on January 11. Including one guest lecture by an invited expert on Adam Smith
- ii) Five debate sessions, where we will discuss specific readings and your reading reports.
- iii) Two review sessions, where we will summarize what we have covered in the lectures in preparation for the midterm and final exams.

In addition, we will hold office hours.

4.1. Lectures

The tentative dates and contents of each lecture are:

- **Lecture 1, January 11:** Administrative Session
- **Lecture 2, on January 18:** The scope of economics [FA]
- **Lecture 3 & 4, on January 23 & 25:** What is a price? [FA]
- **Lecture 5, on February 01 :** The rise of market societies and the importance of trade [FA]
- **Lecture 6 & 7, on February 06 & 08:** Before classical economics [AS]
- **Lecture 8 & 9, on February 13 & 15:** Population and wages [FA]
- **Lecture 10, on February 20:** Guest Lecture on Adam Smith [MP]
- **Lecture 11 & 12, on March 13 & 15:** Capital as engine of growth? [FA]

- **Lecture 13, 14 & 15, on March 22, 27 & 29:** How economics became a mathematical, statistical, and experimental discipline [AS]
- **Lecture 16 & 17 , on April 03 & 05:** How our understanding of Money and Banks has developed through time [FA]
- **Lecture 18 & 19, on April 12 & 17:** Economics and policymaking [AS]

4.2. Debate Sessions

There will be five debate sessions, where we will discuss the readings for that day. We will randomly divide the class into two groups of half the class size each. The discussion will last 40 minutes. The first group will reunite from 13:45 to 14:25. The second group will reunite from 14:30 to 15:15.

The meeting times and contents of each recitation are as follows:

- **Debate 1, January 30:** What is economics?
- **Debate 2, February 22:** The fate of capitalism
- **Debate 3, March 20:** Is socialism feasible?
- **Debate 4, April 10:** Gold, dollars, & bitcoin
- **Debate 5, April 19:** Economists and their role in society

4.3. Exam & Review sessions

There will be two open-book exams and two review sessions before each. The dates are the following:

- **First Midterm Review session, February 27.**
- **First Midterm, March 01.**
- **Second Review session, April 24.**
- **Second Exam, April 26**

If you have a problem with the dates of the midterms, please let us know before January 30. After January 30, we will NOT accommodate your requests. Note that travel, job interviews, or non-emergency family matters are NOT acceptable reasons to re-arrange the exam.

5. Course requirements and grades

The evaluation of this class will be based on three items: reading reports on the readings, class participation, and two exams.

5.1. Reading reports on the debates

There are five written reading reports due by 1:45 pm EST on the day listed below based on your reading of the articles listed in Section 8. You will deliver two copies of the written report: a physical copy and a digital one. The physical copy will be due by the beginning the class. The digital copy should be delivered through Canvas in a PDF format. Please, **DO NOT** send the report in a format different than pdf or by email. Also, note that we will be *strict* in enforcing that late reports will get a zero grade unless covered by a University-wide policy exemption.

We will strictly check the format and subtract points for mistakes. You should write your reading report in Arial 12 font, double space, and be of a MAXIMUM length of two pages (we will not read beyond the second page). All of the reports should be individual. If you happen to discuss the topics in the report with any classmate, you should clearly and explicitly mention who you talked with in the references section or somewhere in the text. Be aware that canvas will verify the text authenticity.

The report should be divided into three sections: a) A summary of the text of roughly three paragraphs that briefly answers what the readings are about. b) An analysis of roughly three paragraphs that briefly discuss the critical points, strengths, and weak arguments in the texts. c) A future direction section of roughly one paragraph, where you should be creative, making suggestions to address unanswered aspects and limitations, propose future studies addressing the same research problem in a different setting, re-assessing and expanding theory, etc.

The dates and content of the reading reports are:

- **Reading report 1, January 30:** Debate 1: What is economics?
- **Reading report 2, February 22:** Debate 2: The fate of capitalism
- **Reading report 3, March 20:** Debate 3: The feasibility of socialism
- **Reading report 4, April 10:** Debate 4: Gold, dollars, & bitcoin
- **Reading report 5, April 19:** Debate 5: Economists and their role in society

We will grade each report out of ten points, for a total of 50 points. We will post in Canvas an example of a written report to have a guideline on how to prepare it and a rubric.

5.2. Class participation

We expect you to participate in the debate sessions discussing the readings (offering comments, asking questions about them etc.). You can also participate in the lecture sessions. Class participation will be graded over 20 points.

We will have an online text participation forum through Piazza. Piazza is a course management tool that you may find helpful in being in touch with me or our TA. One of its big perks is that it allows for class anonymity. So, for example, in the lectures and debate sessions, you can participate in real-time by typing questions if you prefer. I'll inform you more about the benefits of it tomorrow. The use of this software is not a requirement. It is just another tool that you may use if you desire. The course's main communication channel will remain Canvas and the in-person classes.

5.3. Exam

There will be two open-book midterms. They will be graded over a 15 points base each. Each midterm will consist of an essay and short questions. As we get closer to the exam, we will present some examples of each type of question.

6. Grading standards

Students taking the course for a letter grade will receive grades from A through D or an F. Students that take the class on a Pass/Fail basis need at least a D+ to pass the class. Poor performance is not a valid reason for an incomplete (I). An incomplete is given only under exceptional circumstances and requires the satisfactory completion of a substantial part of the course. Any incomplete must be arranged **before** April 10.

The grade will be equal:

$$\text{Points} = \text{total grade in written reports} + \text{class participation} + \text{midterm} + \text{final exam}$$

The mapping of points into letter grades is given by:

Points Achieved	Letter Grade	Points Achieved	Letter Grade
96 - 100	A +	72 - 75.75	C +
92 - 95.75	A	68 - 71.75	C
88 - 91.75	A -	64 - 67.75	C -
84 - 87.75	B +	60 - 63.75	D +
80 - 83.75	B	56 - 59.75	D
76 - 79.75	B -	less than 56	NP

7. Common policies

Finally, note that all common set of policies for courses taught in the department of economics apply unless superseded by the rules above. You can find such policies at <https://economics.sas.upenn.edu/undergraduate/course-information/course-policies>.

8. Bibliography

- Debate 1: What is economics?
 1. Lionel Robbins (1932). "Chapter 1: The Subject Matter of Economics" In: *An Essay on the Nature and Significance of Economic Science*. London: MacMilland and Co.
 2. James M Buchanan (1964). "What Should Economists Do?" In: *Southern Economic Journal* 30.3, pp. 213-222

- Debate 2: The fate of capitalism.
 1. Joseph Schumpeter (1991). "Can Capitalism Survive?" In: *Joseph Schumpeter. The Economics and Sociology of Capitalism*. Ed. by Richard Swedberg. Princeton, NJ: Princeton University Press, pp. 298-315
 2. Albert O. Hirschman (2013). "Rival Views of Market Society" In: *The Essential Hirschman*. Ed. by Jeremy Adelman. Princeton, NJ: Princeton University Press, pp. 214-243

- Debate 3: The feasibility of socialism.
 1. Ludwig von Mises (1951) "Chapter III: The Organization of Production under Socialism" In: *Socialism, An Economic and Sociological Analysis*. Translated by J. Kahane. New Haven, CT: Yale University Press, pp 128 - 150
 2. John Roemer (1992) "Can there be Socialism after Communism?" In: *Politics & Society* 20.3, pp.261-276

- Debate 4: Gold, dollars, & bitcoin.
 1. Milton Friedman & Anna J. Schwartz (1987) "Has Government Any Role in Money?" In: *Money in Historical Perspective*. Chicago, IL: University of Chicago Press, pp. 289-314
 2. Jesús Fernández-Villaverde (2018) "Cryptocurrencies: A Crash Course in Digital Monetary Economics" In: *The Australian Economic Review* 51.4, pp.514-526

- Debate 5: Economists and their role in society
 1. Michael Bernstein (2001)."Epilogue" In: *A Perilous Progress. Economics and Public Purpose in Twentieth-Century America* Princeton University Press. pp. 185-194.
 2. Michael Bernstein (2008). "A Brief History of the American Economic Association." In: *The American Journal of Economics and Sociology*, 67.5, pp 1007–1024.