

**Volume 24**

# **History of Economic Thought**

**Economics Reading Lists,  
Course Outlines, Exams,  
Puzzles & Problems**

**Volume 24**

**History of  
Economic Thought**

**Economics Reading Lists,  
Course Outlines, Exams,  
Puzzles & Problems**



Compiled by Edward Tower, *Duke University*, August 1990

## NOTES TO USERS AND POTENTIAL CONTRIBUTORS

*These teaching materials are drawn from both undergraduate and graduate programs at 93 major colleges and universities. They are designed to widen the horizons of individual professors and curriculum committees. Some include suggestions for term-paper topics, and many of the lists are useful guides for students seeking both topics and references for term papers and theses. Thus, they should enable faculty members to advise students more effectively and efficiently. They will also be useful to prospective graduate students seeking more detailed information about various graduate programs; to those currently enrolled in programs who are preparing for field examinations; and to librarians responsible for acquisitions in economics. Finally, they may interest researchers and administrators who wish to know more about how their own work and the work of their department is being received by the profession.*

*The exams, puzzles and problems include both undergraduate and graduate exams contributed by economics departments and individual professors. They should be especially useful to professors making up exams and problem sets and to students studying for comprehensive exams. They may also serve as the focus for study groups.*

*From time to time we will reprint updated and expanded versions. Therefore, we would welcome new or updated teaching materials, especially those which compliment material in this collection or cover areas we missed. Potential contributors should contact Ed Tower, Economics Department, Duke University, Durham, North Carolina 27706, U.S.A.*

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### Acknowledgement

*The associate compilers for this series are Cliff Carrubba, Maia Sisk, and Ron Temple. Cliff is a senior at Duke, majoring in Economics and Political Science. Maia is a senior at Duke, majoring in Economics and Computer Science. Ron is a graduate student at Harvard's John F. Kennedy School of Government. Andy Seamons, Kathy Shelley, and Geoff Some also provided important help with production of the volumes. The cover was designed by the Division of Audiovisual Education, Duke University, and the volumes were printed by Multiprint, Inc., New York.*

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U = Undergraduate G = Graduate  
R&E = Reading Lists & Exams and/or Problems

## University of Sydney

PKEGEN/EA

DEPARTMENT OF ECONOMICS

ECONOMICS III - 1990

TONY ASPROMOURGOS

POST KEYNESIAN ECONOMICS

GENERAL INFORMATION

2 Lect.; year; Prereq. - Ec.II or Ec.II(P); T.W. 9.00am; MLR6

1. Course Content

The purpose of this course is to trace the main lines of development of a school of thought which has its origins in John Maynard Keynes's General Theory of Employment, Interest and Money (1936) and draws also upon the work of the classical economists, Marx and Michal Kalecki. The aim of the school has been to develop coherent alternative approaches to the theory of the capitalist economy, in contradistinction to the currently prevailing marginalist or 'neo-classical' approach. This naturally involves alternative approaches to the study of all the constituent elements of a theory of the capitalist economy: income distribution and relative prices; money and interest; output and employment; growth and cyclical fluctuations; technological change. It also naturally leads to different policy implications.

The course is divided into three parts:

FIRST SEMESTER

Part I (10 weeks) -

I. EFFECTIVE DEMAND AND THE THEORY OF PRICES

This topic is devoted to a reconstruction of the Keynesian theory of effective demand and its integration with a theory of prices and distribution not based upon supply and demand principles. The approach to prices and distribution is along the lines developed by Ricardo, Marx and Sraffa. Policy implications are drawn out - especially with regard to macroeconomic policy and welfare economics.

Part II (4 weeks) -

II. GROWTH, FLUCTUATIONS AND DISTRIBUTION

This part of the course offers an exposition and a critique of Post-Keynesian macrodynamics. The aim of the lectures is to analyse the movement of the economy through 'historical time'. The underlying theme of the lectures is the need to construct a coherent long-run theory of economic growth that would be consistent with both History and Equilibrium, a theory that would be a guide to intelligent planning and policy.

SECOND SEMESTER

Part II (5 weeks, cont.)

Part III (8 weeks) - III. CAPITAL, UTILIZATION AND UNEMPLOYMENT

This part of the course will look at the issue of capacity utilization in relation to: the structural composition of the capital stock; the formation of long run adjusted positions. In this context the connection between Malinvaud's Profitability and Unemployment and the above issues will be explored.

2. Assessment

The assessment for the course consists of

- (1) two essays of a maximum 2,000 words each - 25% of total assessment each
- (b) final exam, 3 hours, 4 essays (November) - 50% of total assessment.

A list of essay topics will be distributed early in first semester. The first essay will be due on or before Friday 6 July. The second essay will be due on or before Friday, 5 October.

3. Lecturers

The lecturers in the course are Tony Aspromourgos (Part I, 10 weeks), Louis Haddad (Parts II - III, 9 weeks) and Joseph Halevi (Part IV, 8 weeks). All enquiries concerning essays, exam and the course as a whole should be directed to Tony Aspromourgos.

Tony Aspromourgos  
Lecturer-in-charge  
Room 330, Phone: 692-3065

Department of Economics

ECONOMICS III 1990

POST-KEYNESIAN ECONOMICS

18 Lectures

Tuesday and Wednesday at 9.00 a.m.

Tony Aspromourgos

Merewether Lecture Room 6

FIRST SEMESTER, PART I (10 WEEKS)

EFFECTIVE DEMAND AND THE THEORY OF PRICES

These lectures begin with an introductory overview of post-Keynesian economics - its sources, scope and content (Part A). Following this, an alternative account is provided of the determination of income distribution and prices in a competitive capitalist economy, an account contradistinct to that provided by marginalist or "neo-classical" theory (part B). The marginalist theory of prices and distribution entails a particular approach to the theory of output and aggregate employment - with a natural tendency towards full employment via the price mechanism. An alternative theory of value and distribution implies a rejection of the marginalist theory of output and aggregate employment, along with a rejection of marginalist distribution and price theory. Given the logical relation between the marginalist theory of distribution and the marginalist theory of employment, a critique of the former along "surplus" lines entails a critique of the latter (part C). This critique clears the way for a more important, positive task: a reconstruction of Keynes's "economics of effective demand", which reveals his distinctive results with respect to the theory of output and aggregate employment in a clearer light, unencumbered by marginalist predilections and opens the way for a clarification of the long-period implications of Keynes's economics. Policy implications will also be examined (part D).

Starred references below should be regarded as essential reading for the course. All references have been placed on closed reserve in Fisher Library and a number of core references are on closed reserve in Wolstenholme Library.

A. INTRODUCTION (2 Lectures)

1. What is Post-Keynesian economics?
2. Sources of Post-Keynesian theory: Keynes, Kalecki, the Classical Economists and Marx.
3. Scope and content of Post-Keynesian theories: consensus and disagreements.



Reading

Eichner, A.S. and J.A. Kregel (1975), "An Essay on Post-Keynesian Theory: a new paradigm in economics", Journal of Economic Literature 13, pp. 1293-1314.

The Editors (1978), "Statement of Purposes", Journal of Post-Keynesian Economics 1, pp. 3-7.

Dobb, Maurice (1973), Theories of Value and Distribution since Adam Smith, Cambridge U.P., Chs. 8 (pp. 211-40 only) and 9.

\* Eatwell, John (1974), "Controversies in the Theory of Surplus Value: old and new", Science and Society, 38, pp. 281-303.

B. THE SURPLUS APPROACH TO THE THEORY OF PRICES AND DISTRIBUTION  
(6 Lectures)

1. Production as a process of circulation.
2. "Normal" prices and the uniform rate of profit.
3. Real wage, rate of profit and relative prices - with a degree of freedom.
4. Price theory without demand theory.
5. Search for a relation to close the price system.
6. Economic Policy: distribution and employment.

Reading

\* Sraffa, Piero (1960), Production of Commodities by means of Commodities, Cambridge U.P., Preface and Part I, pp. 3-40, a difficult work, but fundamental to the modern reconstruction of classical-Marxian theory.

Pasinetti, L.L. (1977), Lectures on the Theory of Production, Columbia U.P., esp. Chs. v, vi, pp. 71-179.

Walsh, Vivian and Harvey Gram (1980), Classical and Neoclassical Theories of General Equilibrium, New York: Oxford U.P., Chs. 11-13, 15, pp. 269-343, 371-96.

Roncaglia, A. (1978), Sraffa and the Theory of Prices, New York, Wiley.

\* Bharadwaj, Krishna (1963), "Value through Exogenous Distribution", reprinted in G.C. Harcourt and N.F. Laing (Eds) (1971), Capital and Growth: selected readings, Penguin, pp. 183-195 - a valuable interpretation of the Sraffa system.

- \* Garegnani, P. (1983), "The Classical Theory of Wages and the Role of Demand Schedules in the Determination of Relative Prices", American Economic Review (Papers and Proceedings) 73, pp. 309-13 - isolates the fundamental difference between the classical and marginalist approaches to price theory.
- \* Garegnani, P. (1984), "Value and Distribution in the Classical Economists and Marx", Oxford Economic Papers 36, pp. 291-325 - essential reading on the method and content of the Surplus Approach; or "Surplus approach to value and distribution", in The New Palgrave: a dictionary of economics vol.4.
- Sraffa Memorial Edition (1988), Cambridge Journal of Economics, Vol. 12, No. 1.
- \*Clifton, James A. (1977), "Competition and the Evolution of the Capitalist Mode of Production", Cambridge Journal of Economics 1, pp. 137-51.
- Clifton, James A. (1983), "Administered Prices in the Context of Capitalist Development", Contributions to Political Economy 2, pp.23-38.
- Harcourt, G.C. (1982), "The Sraffian Contribution: an evaluation", in I. Bradley and M. Howard (Eds.), Classical and Marxian Political Economy, London: Macmillan, Ch. 3.
- Bharadwaj, K. (1978), Classical Political Economy and Rise to Dominance of Supply and Demand Theories (Orient Longman) - surplus and marginalist approaches in historical perspective.

#### C. THE CRITIQUE OF MARGINALIST ECONOMIC THEORY (4 Lectures)

1. Choice of technique
2. The Marginalist notion of capital, substitution and the rate of profit.
3. Reswitching of techniques and capital reversing.
4. Reswitching, reversing and the theory of employment.
5. Alternative theories of distribution and alternative theories of (un)employment.

#### Reading

- \*Dobb, Maurice (1970), "The Sraffa System and Critique of the Neo-classical Theory of Distribution", De Economist 118, pp.347-62, reprinted in E.K. Hunt and Jesse G. Schwartz (eds), A Critique of Economic Theory: selected readings, Penguin, 1972, pp.205-21 - an important interpretation of the critical implications of the Sraffa system.
- Robinson, Joan (1961), "Preclude to a Critique of Economic Theory", Oxford Economic Papers 13, pp.7-14, reprinted in her Collected Economic Papers, Blackwell, 1965, vol. 3, pp.7-14, reprinted in Hunt and Schwartz (eds), op.cit., pp.197-204 - review of and commentary on Sraffa (1960).

- \*Harcourt, G.C. (1972), Some Cambridge Controversies in the Theory of Capital, Cambridge U.P., esp. ch.4 and Appendix, pp.118-204; or Harcourt, G.C. (1969), "Some Cambridge Controversies in the Theory of Capital", Journal of Economic Literature 7, pp.369-405 - the definitive references on the history of the Capital Debates.
- \*Kregel, J.A. (1976), Theory of Capital, London: Macmillan, esp. ch.3, pp.53-84 - a simple account of the issues covered in Harcourt (1969; 1972).
- Garegnani, P. (1970), "Heterogeneous Capital, the Production Function and the Theory of Distribution", Review of Economic Studies 37, pp.407-38, reprinted in Hunt and Schwartz (eds), op.cit., pp.245-.
- Garegnani, P. (1976), "On a Change in the Notion of Equilibrium in Recent Work on Value" in M. Brown et.al. (eds), Modern Capital Theory, Amsterdam: North-Holland, reprinted in Eatwell and Milgate (eds) (1983), Keynes's Economics and the Theory of Value and Distribution, London: Duckworth.
- \*Dobb, Maurice (1973), op.cit. ch.9, pp.247-72 - a useful interpretation of the Capital Debates.
- Sraffa, Piero, op.cit., Part III, pp.81-87.
- Pasinetti, L.L., et.al. (1966), "Paradoxes in Capital Theory: A Symposium", Quarterly Journal of Economics, 80, pp.503-83, esp. P.A. Samuelson, "A Summing Up", pp.568-83, reprinted in Harcourt and Laing (eds), op.cit., pp.233-50.

#### D. VALUE AND DISTRIBUTION AND THE THEORY OF EMPLOYMENT (6 Lectures)

1. Keynes and the Principle of Effective Demand.
2. Marginalist interpretations of Keynes.
3. A reconstruction of Keynes's theory.
4. Short-period and long-period theories of employment.
5. Elements for a long-period theory of employment: accumulation, growth and cycles.
6. Applications to Economic Policy.

#### Reading

- Keynes, John Maynard (1936), The General Theory of Employment, Interest and Money, Macmillan, esp. chs. 3, 10-13, 18-21.
- \*Garegnani, P (1978, 1979), "Notes on Consumption, Investment and Effective Demand", Cambridge Journal of Economics 2, pp.335-53; 3, pp.63-82, reprinted in Eatwell and Milgate (eds), op.cit. - essential reading on the reconstruction of Keynes's economics.

- Milgate, Murray (1982), Capital and Employment, London: Academic Press, esp. ch.vi-viii, pp.77-142 - a useful account of Keynes.
- Bharadwaj, Krishna (1983), "On Effective Demand: certain recent critiques", in J.A. Kregel (ed.), Distribution, Effective Demand and International Economic Relations, London: Macmillan, ch.1, pp.3-27.
- \*Garegnani, P. (1983), "Two Routes to Effective Demand", in Kregel (ed.) op.cit., pp.69-80 - summary statement on the "long-period" theory of employment.
- Eatwell, J. and M. Milgate (1983), "Unemployment and the Market Mechanism", in Eatwell and Milgate (eds.), op.cit.
- Magnani, M. (1983), "Keynesian Fundamentalism: a critique", in Eatwell and Milgate (eds.), op.cit.
- Eatwell, John (1983), "Theories of Value, Output and Employment", in Eatwell and Milgate (eds.), op.cit.
- Eatwell, John (1983), "The Long-period Theory of Employment", Cambridge Journal of Economics 7.
- \*Aspromourgos, T. (1987), "Unemployment, Economic Theory and Labour-Market Deregulation", Australian Economic Papers June, pp.130-144.
- \*Roncaglia, A. (1988), "Wage Costs and Employment: the Sraffian View", in J.A. Kregel, E. Matzner & A. Roncaglia (eds), Barriers to Full Employment (Macmillan).
- \*Aspromourgos, T. and G. White (1989), "The EPAC 'Growth Papers': An Assessment", Economic Record vol.65 (December).
- Roncaglia, A. (1985), "Some Remarks on the Relevance of Sraffa's Analysis for Economic Policy", paper presented at the Sraffa Conference, Florence, Italy, 24-27 August [not to be quoted].

Tony Aspromourgos  
February 1990

## University of Sydney

Tony Aspromourgos and Peter Groenewegen

### ECONOMIC CLASSICS ECONOMICS IV - HONOURS 1990

This course is constructed to give an in-depth study of two of the great economic classics of the first half of the twentieth century, both of which still exercise a substantial influence upon economic theory and policy:

Alfred Marshall, Principles of Economics  
(First edition, 1890; eighth and definitive edition,  
1920, ninth variorum edition, 1961)

John Maynard Keynes, The General Theory of Employment,  
Interest and Money, (first edition, 1936; new and  
augmented edition with prefaces to translations and  
associated material, 1973 as volume 7 of the Collected  
Writings of John Maynard Keynes).

The first semester is devoted to study of the Principles of Alfred Marshall; the second to Keynes's General Theory, in both cases prefaced with preliminary lectures on relevant background to the classics in question. The objective of the course is to acquaint students at first hand with the work of two economists who profoundly influenced the development of the discipline as it is taught and applied today.

Each semester of the course is divided into lectures and seminars commencing with the already mentioned introductory lectures. Seminars scheduled for each semester deal with topics in the two classics to be studied, and students are strongly advised to obtain their own personal working copy of each. Both are available in paper-covered editions, details of which are subsequently provided. The course is essentially a reading course, with private study the major course work apart from two seminar papers. The amount of reading to be done is extensive. Seminar performance counts for 50% of the final result, which includes participation by discussion during those seminars at which a student is not giving a paper.

Seminar papers are therefore an important part of course work assessment and students should consider the following in their preparation. Each paper should briefly discuss the major points raised by the topic set down for the seminar, drawing mainly on the reading from the classic itself. The secondary literature suggested is intended for supplementary guidance only and suggested readings of greater importance are marked with an \*. Papers, which must be no longer than 2,000 words should be designed as vehicles for discussion at the seminar. Hence a listing of issues or questions considered particularly important for later discussion should be provided at the end of the paper. References should be provided as

follows: Keynes (1973, p. 324), Marshall (1961 I 464n) and a bibliography in alphabetical order by author of the works consulted should be provided at the end of the paper.

The November examination paper is in two sections containing six questions each. Each section is devoted to the work of one semester respectively. Students have to attempt four questions in all, two from each section.

#### Paperback editions of the classics to be studied

Alfred Marshall, Principles of Economics, Papermac edition, Macmillan. [NB. This edition uses different pagination from the 8th edition because it was reset - a concordance of pagination is included as an appendix to allow easy transformation of page references from this version of the 8th edition to the earlier version.]

J.M. Keynes, General Theory of Employment, Interest and Money, in Collected Writings of John Maynard Keynes, Vol. 7, London, Macmillan: paperback edition available.

#### SEMESTER 1:

Marshall's Principles of Economics  
(Lecturer: Peter Groenewegen)

This semester discusses Marshall's Principles of Economics from the perspective of the development of economics in the nineteenth century and towards the end, looking at some specific relationships between Marshall's economics and that of Keynes. The preliminary lectures provide the historical and theoretical settings for the 7 seminars on the Principles of Economics. 1990 marks the centenary of publication of the first edition of the Principles which took place in July 1890. A number of journals are devoting special issues to this event, including the Scottish Journal of Political Economy 37(1), February, and Economic Appliquee 43(1).

#### Introductory Reading

There is a wealth of introductory material on Marshall's economics and the following are listed as being of particular interest.

J.M. Keynes, 'Alfred Marshall', in Essays in Biography, Collected Works of John Maynard Keynes, Volume 10.

J.A. Schumpeter, 'Alfred Marshall', in Ten Great Economists.

Jacob Viner, 'Marshall's Economics in Relation to the man and to the his times', American Economic Review, 1941, reprinted in Viner, The Long View and the Short.

Alfred Marshall, 'On himself', in History of Economic Thought Newsletter, No. 8, Spring 1972, pp. 14-17. (This is circulated at the start of the course.)

J.K. Whitaker, 'Alfred Marshall 1842-1924' in The New Palgrave A Dictionary of Economics, Vol. 3, pp. 350-63.

N.B. Two of the above are reprinted in J.C. Wood (ed.), Alfred Marshall, Critical Assessments, London, Croom Helm, 1982, Vol. 1, section 1, while in subsequent volumes and sections much other relevant material can be found which those interested are invited to use.

A useful recent study of Marshall's economics is David Reisman, The Economics of Alfred Marshall, Macmillan, 1985 and his Alfred Marshall, Progress and Politics, Macmillan, 1987.

#### LECTURES 1 AND 2 (first two weeks): The Growth of Economic Science

After an introduction to the course, these lectures examine the development of economics as seen by Marshall (Principles, Appendix B) with special reference to aspects of the work of Adam Smith, David Ricardo and John Stuart Mill.

#### Reading :

A. Marshall, Principles of Economics, Appendix B, I.

P. Groenewegen, 'Marshall on Ricardo' (copies to be circulated).

D. O'Brien, 'Marshall's Work in Relation to Classical Economics' University of Durham, Department of Economics Working Paper 91, April 1988.

K. Bharadwaj, Classical Political Economy and Rise to Dominance of Supply and Demand Theories, R.C. Dutt Lectures on Political Economy, 1976, Centre for Studies in Social Sciences, Calcutta, 1978.

A. Campus, "Notes on Cost and Price: Malthus and the Marginal Theory", Political Economy: Studies in the Surplus Approach, 1987, Vol. 3, No. 1.

K. Bharadwaj, 'The Subversion of Classical Analysis: Alfred Marshall's early writing on Value', Cambridge Journal of Economics, 2(3), September, pp. 253-71.

### LECTURES 3 and 4 (weeks 3 and 4):

#### Alfred Marshall (1842-1924) and Contemporaneous Developments in Economics

A biographical sketch of Alfred Marshall which places him in the context of the developments in economics during the second half of the nineteenth century and the early decades of the twentieth.

#### Reading:

Guillebaud, Introduction to variorum edition, Vol. II.

J.K. Whitaker, 'Alfred Marshall: The Years 1877-1885', History of Political Economy, Spring, 1972.

- \* Alfred Marshall, 'Mr. Jevons' Theory of Political Economy', (1872), and 'Mr. Mill's Theory of Value' (1876), both reprinted in A.C. Pigou (ed.), Memorials of Alfred Marshall, Part II, essays 1 and 3.
- \* J. Whitaker, introduction to The Early Economic Writings of Alfred Marshall 1867-1890, Macmillan 1975, Vol. I, pp. 3-113.

Ronald H. Coase, 'Alfred Marshall's Mother and Father', History of Political Economy, Vol. 16, no. 4, Winter 1984.

Peter Groenewegen, 'Alfred Marshall and the Establishment of the Cambridge Economics Tripos', History of Political Economy, 20(4), Winter 1988.

### SEMINAR 1 (Week 5):

#### Preliminary Survey and Fundamental Notions

Designed to come to grips with aspects of Marshall's view of the subject in general, and methodology in particular.

#### Reading:

- \* Marshall, Principles, prefaces, Books I, II, Appendices A,C,D.
- \* Marshall, 'The Old Generation of Economists and the New' in Memorials of Alfred Marshall, ed. Pigou, ch. 13.

J.C. Wood, ed. Vol. I, essay 16, 21, 22.

David Reisman, Alfred Marshall, Progress and Politics, Ch.7.



Peter C. Dooley, 'Alfred Marshall: Fitting the Theory to the Facts', Cambridge Journal of Economics, 9(3), September 1985, pp. 245-55.

#### SEMINAR 2: (Week 6)

##### Analysis of Consumer Behaviour: Theory of Demand and Consumption

###### Reading:

Marshall, Principles, Book III.

David Reisman, The Economics of Alfred Marshall, Chapter 3.

Peter C. Dooley, 'Giffen's Hint?' Australian Economic Papers, 24,(44), June 1985, pp. 201-5.

Michael White, 'Porter's Hint? A Note', Australian Economic Papers, 16(49), December 1987, 328-31.

#### SEMINAR 3: (Week 7)

##### The Theory of Production and the Theory of Supply

This seminar is designed to cover not only a discussion of issues arising from the theory of production - factors of production and their definition, laws of returns - but also the connection with the theory of supply in preparation for the subsequent seminar on the theory of value (supply and demand). The link between the theory of production and supply is not explicitly made till Book V chapter 3, though the underlying theory of costs is virtually fully presented in the main book set down for study for this seminar.

###### Reading:

- \* Marshall, Principles, Book IV, Book V, chapters 3, 4, 7, Appendices E and H.

Stigler, Production and Distribution Theories, chapter 4, pp. 61-83.

David Reisman, The Economics of Alfred Marshall, chapters 3-5.

Lionel Robbins, 'Certain Aspects of the Theory of Costs', Economic Journal, 1934.