The ABCs of HOT: Basic Forms of a History of Thought Course

by

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Comments welcome

I thank Brad Bateman for convening a group of historians of economics at Grinnell College in 2006 for a day-long discussion of the future of HOT in liberal arts colleges. Thanks also to Ross Emmett and Harry Landreth for corrections and suggestions.

Abstract:

While the undergraduate History of Economic Thought course is alive and well, it will be increasingly taught by faculty who are not historians of economics. This paper provides resources—sample syllabi, information on texts, and advice on course construction—for the non-specialist. A supporting Excel workbook, HOTResources.xls available at <www.wabash.edu/econexcel>, contains many links that enable easy access to resources.

ABCsHOT.doc
You are slated to teach an undergraduate course in the History of Economic Thought. This course is also known as History of Economics, Development of Economic Thought, and by many other more colorful titles, such as Smith, Marx and Keynes. History of Thought and its acronym, HOT, is shorthand for this course.

You are an economist, but not a historian of economics. This is your first time teaching this course. What are you going to do? This paper lays out the basic issues and offers resources for constructing an undergraduate HOT course for the non-specialist.

Before we go any further, consider this: a competent economics professor cannot fail. The history of economics is vast and there is no settled curriculum for a HOT course. You are free to pick and choose from the ideas below and add your own. This is not to say that there is no core, but that there are many ways to communicate the fundamentals. With a background in economics, you can easily adapt knowledge in your area of specialization to the history of economics.

Your Audience

It is unlikely that your students will understand the difference between economic history and the history of economics. After introducing yourself on the first day of class, you will have to explain that this HOT course will not study the impact of railroads or slavery on the US economy. Instead, the course will focus on the intellectual history of economics, reviewing the ideas of past economists and schools of thought in economics.

You may be teaching an upper level course exclusively for economics majors or an all-college class attracting students with little background in economics. I have taught both types. I prefer the latter because of the diversity of viewpoints and energy brought by non-majors. Although you would think that economics majors would have an advantage over non-majors in a HOT course, my experience has been that non-majors do just as well as students with previous coursework in economics.
Undergraduate students have almost zero background and knowledge of people and ideas in the history of economics. They have heard of Smith and Marx, but they have no idea what they actually wrote. This is true even if the student is an economics major. Thus, while the level of the course does affect the level of sophistication of the content delivered, even a senior economics major will be exposed to ideas and concepts not covered before.

Reading Material

Books and reading assignments are the backbone of every course. For the history of thought, you may choose from a textbook, a scholarly trade book, a reader, or your own collection of original work. Of course, you can combine these different types of readings. Examples of each type with links enabling easy access to more information are available in the Excel workbook, HOTResources.xls at <www.wabash.edu/econexcel>. Download this file now from the web site or email barretoh@wabash.edu and request this file.

The SalesRanking sheet in HOTResources.xls shows that the most popular HOT textbooks, at this time (January 2007), are Brue and Grant’s *Evolution of Economic Thought*, Ekelund and Hebert’s *Evolution of Economic Theory and Method*, and Landreth and Colander’s *History of Economic Thought*. Clicking on a book title takes you to the Faculty Center Net web site at <www.facultycenter.net>. FCN, the source of the sales rank data, is a rich resource for faculty where you can see which schools have adopted particular books, request review copies, and, for many books, see the table of contents, summaries and reviews.

The Books sheet in HOTResources.xls offers links to titles at Amazon.com. The three textbooks mentioned above are included. You can use Amazon’s “Search Inside the Book” feature to see the table of contents, index, and sample pages.
The Books sheet also includes links to two free online textbooks, Barber’s *History of Economic Thought* and Backhouse’s *History of Modern Economic Analysis*.

A traditional textbook is a safe choice if you are new to the history of economics. Much of the work has been done for you and you can be confident that students will be familiar with the usual textbook style, including definitions, sidebars and boxes, and summaries of key terms.

Bethune [1992] limited his review of HOT texts to traditional textbooks, but a history of economics course is particularly suited to using a variety of readings. You can easily spice up your course with more entertaining material than a textbook. What can be called the scholarly trade book is a more lively, engaging reading experience than the textbook. It is a trade book because it is sold through bookstores and mass marketed, but it is academic in tone and quality.

Certainly the classic scholarly trade book is Heilbroner’s *Worldly Philosophers*. Originally published in 1953, the last (7th) edition came out in 1999. It is presumably the last edition since Heilbroner passed away in 2005 and it seems unlikely that anyone would attempt to carry on the franchise. Although no reliable data are available to settle the question, the *Worldly Philosophers* may be the best selling economics book of all time. It remains a strong seller and is still on the reading lists of many HOT courses (including mine). There are several other excellent choices in this genre, including Backhouse’s *The Ordinary Business of Life*, Buchholz’ *New Ideas from Dead Economists*, and Skousen’s *The Making of Modern Economics*. Skousen’s latest effort, *The Big Three in Economics: Smith, Marx, and Keynes*, debuts in 2007. See the Books and SalesRanking sheets for more information on these and other books.

You can completely replace—or augment—books with original readings. Heilbroner’s *Teachings from the Worldly Philosophers* and Medema and Samuels’ *History of Economic Thought: A Reader* offer pre-packaged collections of readings.
One advantage of studying long dead economists is that much of their work is in the public domain. (See <www.copyright.gov> for more detail on the “70 years after the author’s death” rule.) The two premier sites for open access works in the history of economics are Rod Hay’s McMaster University archive at <socserv2.socsci.mcmaster.ca/~econ/ugcm/3ll3/> and the Liberty Fund’s Library of Economics and Liberty at <www.econlib.org/library/classics.html>.

The trade-off between pre-packaged readers and your own collection is obvious: the former saves you a lot of work in creating the readings, but allows no flexibility in making your own choices. If you decide to create your own set of readings, keep in mind that selecting an author is merely a first step. The McMaster archive or EconLib enable easy electronic acquisition of the *Wealth of Nations*, but then the real work begins. What exactly are you going to assign?

One major advantage of creating your own readings is the ability to easily modify and vary the course. From year to year, my HOT course changes by two or three readings, but the accumulation of changes over time is quite dramatic.

My advice is straightforward: augment your basic text (be it a traditional textbook or a scholarly trade book) with original readings. For the Big Three, I use the first few chapters of the *Wealth of Nations* and the section On the Education of Youth, chapter X on The Working Day from *Capital*, and chapters 1, 2 and 24 (the concluding chapter) from the *General Theory*. My course also highlights Ricardo, Schumpeter, and Knight, so I add chapter 31 On Machinery from Ricardo’s *Principles*, and we read selections from Schumpeter’s *Capitalism, Socialism and Democracy* (always including the chapter on Plausible Capitalism) and Knight’s *Risk, Uncertainty and Profit*.

I am not saying that the collection of readings I use is the best. There are many selections to choose from and the actual choices you make are not as important as marrying original readings with a text with which you are comfortable.
You can see how different professors answer the question of what to read by visiting the Syllabi sheet in HOTResources.xls. There are links to over 50 syllabi from a variety of colleges and universities.

Core Lessons

The core of a HOT course is not about content. The history of economics can be sliced and diced in so many different ways that it seems silly to me to argue for a particular set of ideas or names in a single HOT course. You are free to emphasize Marshall or ignore him. The marginal revolution (if that is what it was) can take a day or a month of your course. There really is no canon in terms of content for an undergraduate HOT course.

There are, however, canonical lessons. Here are three that should be covered in every undergraduate HOT course.

A. Economics is neither monolithic nor stable.

In many undergraduate economics courses, students are taught a model or finished application. There is usually little or no appreciation of disagreement amongst economists. A HOT course enables you to talk to your students about schools of thought in economics. Since I cover Knight, I am able to contrast the first, or as McCloskey [1998] says, the Good Old Chicago School, with the second generation Chicago School of Friedman, Stigler, and Becker. Even a school evolves—there is nothing static in economics.

Another way to convey this lesson and add a little zest to the course is with video. I recommend the Commanding Heights, a PBS series based on the book by Yergin and Stanislaw [2002] that is available at <www.pbs.org/commandingheights>. The first episode traces the Battle of Ideas during the 20th century, highlighting Keynes and Hayek.
There are clips of Keynes speaking, Hayek is interviewed, and a variety of economists and politicians make appearances.

Most students are quite interested in the idea that there is a mainstream orthodoxy and a variety of heretical schools. They also welcome the expansion of economics beyond the applications of optimization, equilibrium and comparative statics. A deeper, fuller appreciation of the changing discipline of economics is a primary lesson that should be included in every HOT course.

B. Original ideas are often quite different from a textbook or modern interpretation.

Students are immediately attentive when they hear that Marx said “I am not a Marxist” and Keynes said “I am not a Keynesian.” They are amazed to learn that Marx sang the praises of the productive power of capitalism. They are shocked that Keynes never drew an IS/LM graph or that his definition of money illusion did not ride on misperception or framing effects.

The lesson applies to Smith, with a sophisticated twist. I have always emphasized that Smith was a radical in his time, but hardly an apologist for capitalism. To me, he simply does not match the profile of a modern laissez-faire, free market economist. For example, Smith’s views on the need for government regulation of interest rates is an easy way to support this claim. Since my students are aware that the Chicago School has two generations, last fall for the first time I used chapter ten from Evensky [2005] to discuss Kirkcaldy Smith versus Chicago Smith. The conversation on *homo economicus* and rhetorical tactics went well. For more on the Chicago School’s interpretation of Smith, see McCloskey [1998] and Medema [2006].

You do not have to use these examples, but conveying how modern mainstream economics inevitably caricatures original work is a fundamental concept in a HOT course. My students were interested in the battle over Smith’s name.
C. Discuss Big Picture questions not found in the mainstream curriculum.

My final requirement is that you use your HOT course to discuss fundamental questions that are not raised in other economics courses. I suppose the possibilities are endless here. I offer several examples from my HOT course.

What does a “market system” really mean? It is obviously more than simply trading. Money and bazaars of various sorts have been around for a long, long time, but the market system is a brand new invention. Your book, be it a textbook or scholarly trade book, will probably tackle this issue. I like the short, clear chapter on the Economic Revolution in the *Worldly Philosophers*.

What will become of the market system? Raising the question of where the market system came from begs the question of where it is going. Is exponential growth a rosy episode that will pass once we reach the extent of the market as Smith thought? Will capitalism explode from its internal contradictions as Marx predicted? Keynes and Schumpeter see a gradual transformation into a rational, managed system, but they disagree on the desirability of such a world.

To quote Solow [2005], “How did economics get that way and what way did it get?” You can count on your students being absolutely fascinated in the question of how modern economics came to be its mathematical, model-oriented, comparative statics, econometrics self. In addition to Solow’s article, you could try Lazear [2000] (or portions of it) for an unabashedly positive take on the expansion of what has been called the economic method, economic approach, and economic way of thinking. Discussing how we arrived at modern economics raises the timeless question of whether there is a cumulative progression of knowledge in economics and whether HOT should exist at all. If you like this sort of introspection, see Blaug [2005], Boettke [2000], and Boulding [1971].
No matter the content, your HOT course should include these three ABCs.

A. Economics is a dynamic, evolving enterprise. Questions change and paradigms shift.

B. When other courses or modern economists use the ideas of past economists, they often distort the original meaning. Reading the original works is an educational, interesting activity.

C. Take advantage of the vastness of the history of economics to invite your students to consider ideas and issues outside of today’s mainstream economics curriculum. Your HOT course may be the only place an econ major learns about Marx or discusses the future of capitalism.

Helpful Links

Join the History of Economics Societies email discussion group at <eh.net/mailman/listinfo/hes> and directly ask for advice from historians of economics. The HES list has a searchable archive with messages dating back to 1995.

Visit the Nobel Prize in Economics web site at <nobelprize.org/nobel_prizes/economics/>. Autobiographies, acceptance speeches, and video are a treasure trove for lecture ideas, reading assignments, and student papers. Stigler’s Nobel Prize lecture explicitly tackles the role of the history of economics and other laureates reflect on a wide range of issues, such as the source of creativity and where they see their place in economics.

The Social Science Research Network has a subject area in the history of economics at <www.ssrn.com/link/history-of-economics.html>.

These links and other useful online resources are available in the Links sheet in HOTResources.xls.


**Conclusion**

Bateman [2002] argues that the history of economic thought is alive and well in the undergraduate economics curriculum, but the long run outlook is troubling. Since graduate programs are not producing economists specializing in the history of economics or even offering HOT courses at the graduate level, it is unclear who will teach HOT to undergraduates. Bateman’s solution is to reform graduate programs.

What we need is a new kind of graduate education that prepares new graduates to do the jobs that they are hired to do: teaching undergraduates. . . . This is not a utopian dream. In fact, from where I sit, it is a very pragmatic piece of advice that I offer to my colleagues in the graduate programs to help them help themselves before they find themselves out of the business of preparing people for academic careers teaching undergraduates. Bateman [2002, 30-31]

I see the situation differently. There will be no reform in graduate education (in economics or any other field). Increasing specialization, rising levels of technical skills, and ever narrower training will continue. Increasingly, the undergraduate History of Economic Thought course, which will remain a viable elective in the curriculum of most four year colleges and universities, will be taught by a non-historian of economics. This person will come to the undergraduate HOT course needing guidance in the basic options available. This paper and its supporting HOTResources.xls file provide a first step in constructing a popular, pedagogically sound undergraduate HOT course.

**Supporting File**

HotResources.xls: <www.wabash.edu/econexcel>.
References


