

The
EVOLUTION
of **ECONOMIC**
THOUGHT

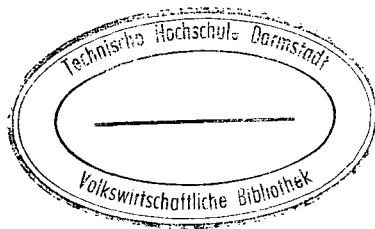
—FOURTH EDITION—

Jacob Oser

Late of Utica College of Syracuse University

Stanley L. Brue

Pacific Lutheran University



HBJ

Harcourt Brace Jovanovich, Publishers

and its subsidiary, Academic Press

San Diego New York Chicago Austin Washington, D.C.

London Sydney Tokyo Toronto

Contents

Preface	v	3 THE PHYSIOCRATIC SCHOOL	33
1 INTRODUCTION	1	Overview of the Physiocrats	33
A Time Scale of Economic Ideas	2	François Quesney	37
The Five Major Questions	3	Anne Robert Jacques Turgot	40
The Value of Studying Economics and Its History	8	4 THE CLASSICAL SCHOOL—FORERUNNERS	45
Appendix 1 History of Economic Thought: Information Sources	11	Overview of the Classical School	45
2 THE MERCANTILIST SCHOOL	15	Sir Dudley North	50
Overview of Mercantilism	15	Richard Cantillon	52
Thomas Mun	21	David Hume	55
Gerard Malynes	23	5 THE CLASSICAL SCHOOL—ADAM SMITH	61
Charles Davenant	24	Biographical Details	61
Jean Baptiste Colbert	26		
Sir William Petty	27		

Important Influences	62
The Theory of Moral Sentiments	63
Wealth of Nations	66
The Economic Laws of a Competitive Economy	73

6 THE CLASSICAL SCHOOL—THOMAS MALTHUS 85

Historical and Intellectual Setting	86
Malthus's Population Theory	88
The Theory of General Gluts	92
Assessment of Malthus's Contributions	94

7 THE CLASSICAL SCHOOL—DAVID RICARDO 99

Biographical Details	99
The Currency Question	101
The Theory of Diminishing Returns and Rent	102
Theory of Exchange Value and Relative Prices	106
The Distribution of Income	109
Policy Implications	112
The Theory of Comparative Costs	113
Ricardo on Unemployment	115
Assessment	117

8 THE CLASSICAL SCHOOL—BENTHAM, SAY, SENIOR, AND MILL 121

Jeremy Bentham	121
Jean-Baptiste Say	127
Nassau William Senior	130
John Stuart Mill	133

9 THE RISE OF SOCIALIST THOUGHT 147

Overview of Socialism	147
Henri Comte de Saint-Simon	154
Charles Fourier	157
Simonde de Sismondi	158
Robert Owen	161
Louis Blanc	164
Charles Kingsley	166

10 MARXIAN SOCIALISM 171

Biographical Details and Intellectual Influences	171
Marx's Theory of History	174
The "Law of Motion" of Capitalist Society	176
The Law of Motion of Capitalism: A Summary	185
Assessment of Marx's Economics	186

11 THE GERMAN HISTORICAL SCHOOL 193

Overview of the German Historical School	193
Friedrich List	197
Wilhelm Roscher	201
Gustav Schmoller	202
Max Weber	205
A Postscript	207

12 THE MARGINALIST SCHOOL—FORERUNNERS 211

Overview of the Marginalist School	212
Antoine Augustin Cournot	216

Johann Heinrich von Thünen	221
Herman Heinrich Gossen	224

13 THE MARGINALIST SCHOOL—JEVONS, MENGER, VON WIESER, AND BÖHM-BAWERK 229

William Stanley Jevons	229
Carl Menger	237
Friedrich von Wieser	242
Eugen von Böhm-Bawerk	245

14 THE MARGINALIST SCHOOL—EDGEWORTH AND CLARK 251

Francis Y. Edgeworth	251
John Bates Clark	259

15 THE NEOCLASSICAL SCHOOL—ALFRED MARSHALL 271

Marshall's Life and Method	271
Utility and Demand	274
Supply	279
Equilibrium Price and Quantity	281
Distribution of Income	284
Increasing and Decreasing Cost Industries	288

16 THE NEOCLASSICAL SCHOOL—MONETARY ECONOMICS 295

John Gustav Knut Wicksell	296
Irving Fischer	302
Ralph George Hawtrey	309

17 THE NEOCLASSICAL SCHOOL—THE DEPARTURE FROM PURE COMPETITION 315

Piero Sraffa	317
Edward Hastings Chamberlain	319
Joan Robinson	323

18 MATHEMATICAL ECONOMICS 333

Types of Mathematical Economics	334
Léon Walras	340
Wassily Leontief	343
John von Neumann and Oscar Morgenstern	347
John R. Hicks	349
Linear Programming	354

19 THE INSTITUTIONALIST SCHOOL 361

Overview of the Institutional School	361
Thorstein Bunde Veblen	366
Wesley Clair Mitchell	375
John Kenneth Galbraith	379

20 WELFARE ECONOMICS 387

Vilfredo Pareto	388
Arthur Cecil Pigou	392
John Atkinson Hobson	396
Ludwig von Mises	401
Oscar Lange	403
Kenneth Arrow	405

21 THE KEYNESIAN SCHOOL— JOHN MAYNARD KEYNES	411	Sir Roy F. Harrod and Evsey Domar	460
Overview of the Keynesian School	411	Joseph Alois Schumpeter	463
John Maynard Keynes	416	Paul Alexander Baran	467
		Ragnar Nurske	469
		Theodore W. Schultz	472
 22 THE KEYNESIAN SCHOOL—HANSEN, LERNER, AND SAMUELSON	433	 24 THE CHICAGO SCHOOL—THE NEW CLASSICISM	477
Alvin H. Hansen	433	Overview of the Chicago School	478
Abba P. Lerner	440	Milton Friedman	482
Paul A. Samuelson	445	George J. Stigler	489
The Post-Keynesians	453	Gary S. Becker	493
 23 THEORIES OF ECONOMIC DEVELOPMENT AND GROWTH	459	 25 CONCLUSIONS	503
		Name Index	509
		Subject Index	520