ECO(C) 301: HISTORICAL PERSPECTIVE OF MODERN ECONOMICS

Unit-I. The Neo-Classical Micro-Economic Theory
1.1. Axiomatic structure of the Neo-classical Economics – individualism, atomism, hedonism and utilitarianism, profit motive, full knowledge, rational behaviour, certainty, representativism, arithmomorphism, marginalism, equilibrium, scarcity of resources and allocative optimization. Mathematics and physics as role models of economics.
1.2. The theory of consumer’s behaviour based on hedonism, rationality, continuity, convexity and transitivity of (given and exogenously determined) utility or preference function and its optimization.
1.3. The theory of production based on production functions: allocative efficiency, substitutability. Development of production functions from von Theunen to Ryuzo Sato.
1.4. Market Equilibrium theory – partial equilibrium vs. general equilibrium; theory of general equilibrium from Walras to Arrow and Debreu.

Unit-II. The Neo-Classical Macro-Economic Theory
2.1. The micro-economic base of Macro-economics; the Say-Walras Law; aggregation theory; aggregate consumption and production functions; Aggregate savings and investment functions.
2.2. The theories of growth – given (exogenous) technology and conventional inputs, labour, physical capital and human capital, the concept of technological neutrality, steady state capital-output ratio, optimal vs. attainable paths, von-Neumann model and path, clay and putty models, reswitching, the embodied and exogenous technical change. A critique of aggregate growth theories.
2.3. The theories of Business Cycles – over-investment, under-consumption, multiplier-accelerator, endogenous and shock-dependent theories.
2.4. The Input-Output framework, Leontief production function, equilibrium of the productive economy, price formation, stability and growth in the input-output framework. Computable equilibrium.

Unit-III. The Economics of Knowledge, Transaction Costs and Bounded Rationality
3.1. Paradoxes in the neo-classical theory of consumer’s behaviour, intransitive preference structure, multi-commodity consumption baskets, issues of quality and complementarity, experimental findings; the development of experimental economics; major findings.
3.2. Imperfect knowledge, multiple mutually inconsistent objectives/goals, partial knowledge of objective functions to optimize, the concept of bounded rationality; satisficing behaviour.
3.3. The theory of transaction costs, decision-making with imperfect knowledge, the principal agent problem, epistemological aspects of emergence of uncertainty,
decision-making under risk and uncertainty, emergence of shock and surprise, enterprise, risk and uncertainty.

3.4. Growth of knowledge, endogeneity of technological advancement, the knowledge-based economy, Kuhn’s theory of growth of scientific knowledge, technology and learning in new growth theory, intellectual property right and emergence of oligopoly.

Unit-IV. Neo-Institutionalist, Evolutionary and Anti-equilibrium Economics

4.1. Equilibrium theory vs. adaptation and evolution theory of large system, anti-equilibrium approach to economics (Kornai), interaction and emergence, learning and adaptive behaviour, complexity and adaptation.

4.2. An introduction to the basic tenets of the old institutional economics – its criticism as being devoid of analytical tools, Ronald Coase - development of new institutional economics, basic tenets – methodological issues in (new) institutional economics; Romar (1986), Lucas (1988) and North (1990) on new models of growth.

4.3. Evolutionary economics – biological sciences as role model, the dialectics of change, relationship between neo-institutionalism and evolutionary economics, methodology of analysis, the system-theoretic view, models in evolutionary economics, development of neuro-economics, the neural basis of decision-making.

4.4. The neo-classical top-down approach vs. bottom-up approach to building economics from interaction among the agents, agent-based (computational) economics, economy as a complex adaptive system, micro-foundations of macro-economics, evolution of institutions.

Reading Materials


Additional Reading Materials (a)

- Brunn, C (????) Agent-Based Computational Economics - An Introduction.

Additional Reading Materials (b)

- Interview with Ronald Coase
- Chaos theory and institutional economics: Metaphor or model? by van Staveren, Irene
- Expanding the Dialogue between Institutional Economics and Contemporary Evolutionary Economics: Veblen’s Methodology as a Framework by Brette, Olivier
- Sent, Esther-Mirjam (???? ) Pluralisms in Economics
- Alessandro Innocenti (????) Paradoxes versus formalism in economics. Evidence from the early years of game theory and experimental economics.
- Business Cycle Theories
- Schools of Thought in Economics
- Garrison, RW ( ????) Hayekian Trade Cycle Theory: A Reappraisal
- Löwe’s and Hayek’s influence on Harrod’s trade cycle theory by Daniele Besomi
- Galor, Oded (2005) "From Stagnation to Growth: Unified Growth Theory"
• New Growth Theory, Technology and Learning
• Kuhn’s theory of the growth of scientific knowledge, Part I
• The Concept of Equilibrium in Old Institutional Economics: J. M.Clark, T.B.Veblen and J.R.Commons. by Katia Caldari
• Giocoli, Nicola (????) "Blanqui Lecture - In the Sign of the Axiomatic Method: Mathematics as the Role Model for Neoclassical Economics"
• Who's afraid of new institutional economics' ideas of institutional change? Michel Zouboulakis

All the papers listed above and many more are available for free download from http://www.webng.com/economics