

## **A Global History of Contending Economic Thoughts and Economic Paradigms**

Like many other courses in economics this course consists of a microeconomic and macroeconomic component. However, it takes a unique approach in that the microeconomic component is based on a selection of Nobel prize winners while the macroeconomic component takes a historical perspective. Furthermore, the microeconomics and macroeconomics are complemented by a philosophical analysis of democratic capitalist institutions that underpin many economic systems. This rare combination of microeconomics, macroeconomics and philosophy should make this a course of equal interest, both to those with a knowledge of economics and those with little or no background.

The following three parts of the course will each comprise 10 lectures and 3 seminars, making 15 hours of contact time per part:

**Macroeconomics and its economic, political and social factors**  
**The Nobel Prize Winners**  
**Philosophical Reflections on Democratic Capitalism**

**Contact Hours:** 45 hours

**Assessment:** Presentation (30%), Final Paper (30%), Final Exam (30%), Participation (10%)

### **Macroeconomics and its economic, political and social factors**

In 1980, Cambridge Economist Joan Robinson wrote an [pessimistic] essay advocating that theories and models in the economic textbooks needed a thorough spring cleaning. Notions such as 'equilibrium in the long run' were encouraged to be discarded and micro and macro were argued to be two quite different pictures that cannot be combined. Considering Robinson's remarks rather glaring relevance to contemporary macroeconomics, this course provides students with fundamental insights within macroeconomic theory by emphasising its historical development. It expands on the critique of main macroeconomic theories and on issues regarding policy prescriptions. Finally, the course also explores the current content of textbooks on macroeconomics and their shortfalls.



### **Lecture 1: Introduction**

- Overview of macroeconomics before 1930s, Classical Dichotomies and the Great Depression

### **Lecture 2: Keynesian Revolution**

- Keynes' key concepts in opposition to the classical model

### **Lecture 3: The end of the Revolution**

- The 1970s economic crisis, the rise of Monetarism and New Classical Economics
- Rational expectation and methodological individualism

### **Lecture 4: Dismal Macroeconomics**

- Real Business Cycle Theory and New Consensus Macroeconomics

### **Lecture 5: Growth Theories: Solow's heavy legacy**

- Overview of Old and New Theories of growth
- Quantitative methodology in development analysis
- Growth versus development

### **Lecture 6: What is left for the state?**

- The role of government bonds within the public debt debate since the Keynesian Revolution.

### **Lecture 7: From Mankiw's Macroeconomics...**

- Key concepts currently taught within macroeconomics courses.
- Understanding the Economy = positive question versus Policy Prescription = normative question
- Macroeconomics modeling and policy prescriptions

### **Lecture 8: To Rochon & Rossi's Heterodox Macroeconomics**

- Current critics of macroeconomics
- Financial Crises and Macroeconomic Policy: observations of the 2007-8 Financial Crisis

### **Lecture 9: Joan Robinson's Spring Cleaning**

- Discussion of Joan Robinson's Spring Cleaning: its relevance and limits for today's Macroeconomics

### **Lecture 10: Concluding remarks**

- Conclusion



## **The Nobel Prize Winners**

- This part of the course provides students with fundamental insights into microeconomic analysis by studying a selection of Nobel Prize winners in economics.
- Each lecture outlines one or two theoretical insights that have been developed by the Nobel Prize winners.
- The course also provides some background into the Nobel Prize winners themselves (including their life story, motivations, and their times).

### **Lecture 1: Introduction**

- Introduction to the Nobel Prize for economics and how to approach their economic models.

### **Lecture 2: Herbert Simon**

- Bounded rationality and comparison to the standard concept of rationality (including optimal search models).

### **Lecture 3: Paul Samuelson**

- The optimal allocation of resources in the presence of public goods and private goods.

### **Lecture 4: Ronald Coase and Elinor Ostrom**

- Coase on his contribution in terms managing externalities and public goods
- Ostrom on her contribution to the governance of commons.

### **Lecture 5: George Akerlof**

- Asymmetric information (the market for lemons) and subsequent literature

### **Lecture 6: Robert Spence**

- Signalling theory with a focus on education levels

### **Lecture 7: Kenneth Arrow**

- Collective choice and the Impossibility Theorem.

### **Lecture 8: Douglas North**

- Institutional analysis, with a particular focus on the empirical literature that his contribution has spurred.

### **Lecture 9: Finn Kydland and Edward Prescott**

- Their concept of time inconsistency for policy makers

### **Lecture 10: The Behaviouralists: Kahneman and Thaler**

- Conclusions



## **Philosophical Reflections on Democratic Capitalism**

This component of the course will explore the intellectual roots, justifications, and criticisms of democratic capitalism through themes from key thinkers/texts in the Western tradition.

### **Topic 1: Introduction:**

- What is a philosophy of political economy and how is this distinguished from philosophy of economics?
- Why should we focus on democratic capitalism? What do we mean by democratic capitalism?

### **Topic 2: Aristotle/Aquinas**

- **Text:** Key extracts

### **Topic 3: John Locke**

- **Text:** Second Treatise of Government

### **Topic 4: Adam Smith**

- **Text:** The Wealth of Nations

### **Topic 5: Alexis de Tocqueville**

- **Text:** Democracy in America

### **Topic 6: Karl Marx**

- **Text:** The Communist Manifesto

### **Topic 7: Max Weber**

- **Text:** The Protestant Ethic and the Spirit of Capitalism

### **Topic 8: Joseph Schumpeter**

- **Text:** Capitalism, Socialism, and Democracy

### **Topic 9: Concluding Thoughts on Democratic Capitalism**

- What consolidated insights can we take from these thinkers on: (1) the nature of democratic capitalism; and (2) the extent to which it is justified as a system of political economy to sustain/develop?
- What are the prospects/challenges for democratic capitalism? To what extent do we see the projections/predictions of these thinkers playing out in our current times?