NEOCLASSICISM AND ITS DISCONTENTS

INSTRUCTOR: YAHYA M. MADRA
OFFICE: NATUK BIRKAN 221
PHONE: 212 359 7650
EMAIL: ymadra@boun.edu.tr

CLASS MEETS: Monday, 12:00-12:50, in NH 104 and Wednesdays 15:00-16:50, in NBZ 12
OFFICE HOURS: Mondays 15:30-17:00, Tuesdays 14:00-15:30, or by appointment.

COURSE DESCRIPTION This is a historical survey course that focuses on neoclassical economics, its constitutive debates, its internal divisions and the heterodox deviation from the neoclassical orthodoxy. While the course will explore different notions of actors, knowledge, equilibrium, different explanations of the interactions between markets and states, different theories of market and government failures, different conceptualizations of the role that institutions, power mechanism and class structures play in shaping social outcomes, it will contextualize this survey of ideas and theories on economy in the oscillation between private and state capitalism throughout twentieth century. In this sense, the course may be considered a history of economic thought course with economic history providing its backdrop. The main objective of the course is to provide a structured context for the advanced undergraduate students of economics to read original texts side by side some contextualizing histories.

PREREQUISITES EC 203 and EC 205

REQUIRED READING PACKET
Reading packet is available from Nazar Copy, Güney Kampüs.

REQUIRED TEXTBOOK

Textbook should available at the Bookstore.

REQUIREMENTS

Response Question & Answer Sketch (4x10) 40 points (see below for details)
Midterm Exam 25 points (see below for details)
Final Take-Home Exam (72 hours) 30 points (see below for details)
Classroom participation & attendance 5 points (see below for details)

Response Question & Answer Sketch: The course is divided into 4 sections (see the Course Calendar). At the end of each section, by the indicated deadline, you are expected to submit a “Response Question and Answer Sketch” addressing all or a subset of readings up to that point on the date identified on the Course Calendar below. In this exercise, the objective is to write a concise, well-crafted question that will test not only the knowledge but also analytical-synthetic thinking of a student that completed all the readings and participated in all the lectures within that section. While a submitted question does not have to address everything covered within that section, synthetic questions that demand a comparative
perspective will earn more points. You are also expected to sketch an answer, indicating the relevant sections of the various readings. A “Response Question and Answer Sketch” cannot be longer than 500 words (fit into a single-sheet) including both the question and the answer sketch. Versions of the best questions may be included in the final exam.

Midterm Exam: The midterm will be a 90 minutes, in class exam. There will be 7 questions to choose from. You will be expected to answer 3 questions, devoting each question 30 mins. The midterm will be held on April 11, 2013 (Thursday).

Final Take-Home Exam: The final will be a 72-hours take home exam where you will be given 7 questions to choose from. You will have an option between answering either 2 questions (4.5 pages each) or 3 questions (3 pages each), but the total number of pages (double-spaced and 12-size font) will be limited to 9. More detailed instructions are to be announced. In order to receive a grade on your final exam, you need to submit all the response papers in a timely fashion.

Classroom Participation: You are expected not only to attend but also to participate in lectures as much as possible. Best way to be prepared to do so is to do the readings in advance. During the lectures, I do tend to ask questions to elicit interaction and participation. If the students are prepared to engage with these questions, the quality of the lectures increase immensely, making the experience better for everyone involved. Attendance will be taken randomly throughout the semester.

COURSE OUTLINE AND READINGS

1. INTRODUCTION (Feb. 18, Monday)

EARLY NEOCLASSICISM: FORMATIVE DEBATES AND CONTROVERSIES

2. THE MARGINALIST REVOLUTION (Feb. 20, Wednesday)


3. BRITISH MARSHALLIANISM (Feb. 25, Monday)


SZ: 196-215.

4. NEOCLASSICISM AS PSYCHOLOGISM: THE INSTITUTIONALIST CRITIQUE (Feb. 27, Wednesday)


5. NEOCLASSICAL SOCIALISM: THE AUSTRIAN CRITIQUE (March 4, Monday & March 6, Wednesday)


*SZ*: 295-299, 495-500.

**THE RISE AND FALL OF THE NEOCLASSICAL-KEYNESIAN SYNTHESIS**

6. **KEYNES-KALECKI CHALLENGE** (March 11, Monday & March 13, Wednesday)


Kalecki, Michal. 1943. “Political Aspects of Full Employment.” *Political Quarterly*.

*SZ*: 232-262.

7. **COWLES COMMISSION AND THE DRIVE TO MATHEMATIZATION** (March 18, Monday)


*SZ*: 280-284.

8. **GENERAL EQUILIBRIUM THEORY AND NEOCLASSICAL-KEYNESIAN SYNTHESIS** (March 20, Wednesday)


*SZ*: 284-291, 323-335.

9. **FROM MONETARISM TO RATIONAL EXPECTATIONS THEORY** (March 25, Monday & March 27, Wednesday)


*SZ*: 335-346.

**THE NEOLIBERAL COUNTER-REVOLUTION IN ECONOMICS**

10. **MARGINALIST CONTROVERSY: THE FORMATION OF THE CHICAGO SCHOOLS** (April 1, Monday)


SZ: 413-423.

11. **LAW AND ECONOMICS: COASEAN ECONOMICS** (April 3, Wednesday)


SZ: 396-404.

12. **NEW INSTITUTIONALISM: A NEOCLASSICAL THEORY OF INSTITUTIONS?** (April 8, Monday & April 10, Wednesday)


SZ: 474-484

13. **NEW INFORMATION ECONOMICS: NEW KEYNESIAN MICROFOUNDSATIONS FOR MACROECONOMICS** (April 15, Monday)


14. **MECHANISM DESIGN: WHERE MARKETS AND PLANNING MEET**

(April 17, Wednesday)


15. **PUBLIC ECONOMICS AFTER NEOLIBERALISM** (April 29, Monday)


SZ: 404-413.

**ALTERNATIVES TO NEOCLASSICISM**

16. **HETERO DOX POSITIONINGS** (May 6, Monday)


SZ: 456-475, 484-495

17. POWER AND CHANGE: RADICAL POLITICAL ECONOMICS (May 8, Wednesday)


SZ: 500-510.

18. CLASS AND OVERDETERMINATION: POSTMODERN MARXIAN ECONOMICS (May 13, Monday & May 15, Wednesday)


19. UNCERTAINTY AND NON-RATIONALITY: POST KEYNESIAN ECONOMICS & BEHAVIOURAL ECONOMICS (May 20, Monday & May 22, Wednesday)


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