



The Hebrew University of Jerusalem

Syllabus

Topics and Controversies in the Development of Economic Analysis - 57886

Last update 11-09-2019

HU Credits: 2

Degree/Cycle: 2nd degree (Master)

Responsible Department: Economics

Academic year: 0

Semester: 1st Semester

Teaching Languages: Hebrew

Campus: Mt. Scopus

Course/Module Coordinator: Professor Amos Witztum

Coordinator Email: a.witztum@lse.ac.uk

Coordinator Office Hours:

Teaching Staff:

Prof Witztum Amos

Course/Module description:

The purpose of this course is to examine some fundamental elements of modern economic theory from a historical and methodological perspective. The focus of the course, therefore, is not purely historical but an attempt to understand whether there have been viable alternatives to the current way of thinking about the subject. Thus, we will not emphasise the chronology of ideas but rather their significance. Nevertheless it is still important to explore the position of modern theory within the complex of human thinking about economics. As the allocated time is rather short we will focus on the following issues: firstly, we will attempt to delineate the framework of the debate by drawing general historical and philosophical lines that will help us understand the nature of the dispute which lies at the heart of most theoretical debates about economics. In the second part we will examine how this dispute is manifested in the ongoing debate about theories of value and distribution. We will begin with the question of whether there is a meaningful difference between the concept of value and the concept of price. We will open our discussion by analysing the meaning of prices in Walrasian (modern) general equilibrium and the significance of the issue of stability. We will do so in the light of more recent empirical and theoretical developments in what one may call the theory of price formation. We will examine, among other things, the idea of non-Walrasian equilibrium and look at the contribution of bargaining theory to our understanding of these complex relationships. In the light of all this we shall then ask whether the problem facing Walrasian theory is not reminiscent of the problem which Marx faced when dealing with the labour theory of value and the problem of transformation. We will also mention in connection with this the Socialist Calculation debate between Lange and the Austrians and discuss it in the light of modern technological developments. We will then extend our discussion further back to include the manifestation of the problem in the distinction which Smith (and to some extent, Ricardo) draws between natural and market price. We shall show that the tension between the concepts of value and price, in their different manifestations, pass like a thread throughout the history of economic thought and that its disappearance from contemporary discussions is not a sign of its resolution. In the third part of the course we will identify the connection the value-price debate has with the question of distribution. We will explore the relationship between modern theory of value(!) and the principle of income distribution. In connection with this we will examine the question of capital, the neo-classical production function and the controversy between Cambridge England and Cambridge US. In the light of recent findings we shall ask whether the debate has indeed been settled. In the last part of the course the value-price relation will be extended to the subject of economic justice. In other words, this part will be devoted to a comparative study of the conceptions of economic justice under alternative structures of economic theorising. If time permits, we will venture into the areas of

the role of money and growth in economic analysis.

Course/Module aims:

Learning outcomes - On successful completion of this module, students should be able to:

Understand the historical and methodological context of some of the more fundamental components of economic theory.

To formulate alternative ways of thinking and to evaluate the processes that lead to particular resolutions of historical intellectual controversies.

Attendance requirements(%):

80

Teaching arrangement and method of instruction: lectures

Course/Module Content:

- 1. Frameworks of economic thinking over time.*
- 2. Theories of Value and Theories of Prices:*
 - a. The neo-classical model (Walras)*
 - b. Marx and the problem of Transformation*
 - c. Natural price and Market price in liberal classical economics and their relevance to modern economic analysis*
- 3. The relationship between theories of value (and prices) and the question of income distribution between labour and capital*
 - a. The debate about capital in classical economics*
 - b. Capital in modern economic analysis*
 - c. Sraffa's contribution to the debate on Capital*
- 4. Value-Price and Justice: The ethical dimension of market analysis through time:*
 - a. The concept of the Just price*
 - b. Rawlsian principles in Smith's natural price*
 - c. Value and Justice in Marx*
 - d. Value and Justice in Walras*
 - e. Distributive justice in modern economics.*

Required Reading:

There is no single text for this course. Each topic has its own reading list from

which one or two recommended items. The lists will become available on the course site under the heading of Course Programme.

Additional Reading Material:

Course/Module evaluation:

End of year written/oral examination 100 %

Presentation 0 %

Participation in Tutorials 0 %

Project work 0 %

Assignments 0 %

Reports 0 %

Research project 0 %

Quizzes 0 %

Other 0 %

Additional information: