

School of Economics and Finance

## **ECON 401 TOPICS IN THE NATURE OF ECONOMIC INQUIRY**

Trimester Two 2006

### **COURSE OUTLINE**

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#### **Contact Details**

Paul Tompkinson (Coordinator/Lecturer), Room RH 403, Extension 5737, Email [Paul.Tompkinson@vuw.ac.nz](mailto:Paul.Tompkinson@vuw.ac.nz)

#### **Class Times and Room Numbers**

The lecture time is Thursday 9-30 to 11-20 in RWW 313

The final examination will be held in the period October 16 to November `11

#### **Course Objectives**

The course has two primary objectives

1. To consider some central themes in economic methodology. Some of the material considered will develop issues that were raised in MMCA 401.
2. To develop student facility with the exposition and evaluation of arguments.

#### **Course Content**

As the course is designed to facilitate critical thought by the students themselves the prescribed reading is restricted to one or two chapters or papers per week. Your emphasis should be on getting to grips with and evaluating, in detail the arguments presented in the readings. However, you may need to refer to some basic texts occasionally for explication of key concepts. A list of such references is given below, Blaug (1992) is strongly recommended as a good survey of economic methodology. Students will give two presentations during the trimester

#### **Expected Workload**

Students are expected to do 13 hours of independent study per week.

#### **Readings**

A copy of the Course Handbook and other required reading will be provided

#### **Lecture Topics**

##### **WEEKLY DISCUSSION READINGS**

**In this section references which state only the author's name, and possibly the year of publication are reprinted in the Course Handbook. References given in full are not included in the Course Handbook. References enclosed by parentheses are supplementary or background reading.**

**Week beginning 10 July**

R. E. Backhouse

**Week beginning 17 July**

D. M. Hausman,

**Week beginning 24 July**

U. Maki (1994)

**Week beginning 31 July**

K. J. Arrow,

M. Blaug,

[Frank, R. H., 1994, "Cognitive Limitations and Consumer Behaviour", Ch. 8 in *Microeconomics and Behaviour*, New York, McGraw Hill.]

S. Hargraves Heap

R. H. Thaler

**Week beginning 7 August**

R. Sugden

[R. Gardner, 1995, "Evolutionary Stability and Bounded Rationality", Ch. 8 in *Games for Business and Economics*, New York, Wiley.]

**Week beginning 14 August**

B. Hamminga,

[H. Lind]

**Week beginning 4 September**

C. Arnsperger and Y. Varoufakis, 2006, "What is Neoclassical Economics?" *Post-Autistic Economics Review*, Issue 38, [ <http://www.paecon.net/PAERReview/issue38/contents38.htm> ] [A copy will be provided]

**Week beginning 11 September**

R. Sugden, 2000, "Credible Worlds: The Status of Theoretical Models in Economics", *Journal of Economic Methodology*, 7, 1-32. [A copy will be provided]

[G. A. Akerlof, 1970, "The Market for Lemons": Quality Uncertainty and the Market Mechanism" *Quarterly Journal of Economics*, 84, 488-500.

[T. C. Schelling, 1978, *Micromotives and Macrobehaviour*, New York, Norton.]

**Week beginning 18 September**

W. Milberg

[W. J. Samuels]

**Week beginning 25 September**

Brav, J. B. Heaton and A. Rosenberg, 2004, "The Rational-Behavioural Debate in Financial Economics", *Journal of Economic Methodology*, 11, 2004, 393-410. [A copy will be provided]

**Week beginning 2 October**

U. Maki, 1994, "Methodology Might Matter, but Weintraubs's Meta-Methodology Shouldn't", *Journal of Economic Methodology*, 1, 1994:215-232. [A copy will be provided]

**Week Beginning 9 October**

Review of course material

**REFERENCES**

**ECONOMIC METHODOLOGY: TEXTS/MONOGRAPHS**

R. E. Backhouse, 1997, *Truth and Progress in Economic Knowledge*, 1997, Edward Elgar, Cheltenham.

M. Blaug, 1980, 1982, *The Methodology of Economics or How Economists Explain*, 2nd edition, 1992, Cambridge, Cambridge University Press [HB 131 C147B]

S. C. Dow, 2002, *Economic Methodology*, Oxford, Oxford University Press.

G. Fox, 1997, *Reason and Reality in the Methodology of Economics*, Cheltenham, Edward Elgar

D. M. Hausman, 1992, *The Inexact and Separate Science of Economics*, New York, Cambridge University Press [HB71 H376]

D. N. McCloskey, 1994, *Knowledge and Persuasion in Economics*, Cambridge University Press.

A. Rosenberg, 1993, *Economics - Mathematical Politics or Science of Diminishing Returns?*, Chicago, Chicago University Press. [HB72 R813 E].

**ECONOMIC METHODOLOGY: READINGS**

R. E. Backhouse (Ed.), 1994, *New Directions in Economic Methodology*, London, Routledge.

W. Balzer and B. Hamminga (eds.), 1989, *Philosophy of Economics*, Dordrecht, Kluwer.

B. J. Caldwell, 1993, *The Philosophy and Methodology of Economics, Volumes I-III*, Aldershot, Elgar [HB 34 P568]

- M. A. Ferber and J. A. Nelson, (Eds), 1993, *Beyond Economic Man*, Chicago, The University of Chicago Press.
- S. Hargreaves Heap, M. Hollis, B. Lyons, R. Sugden and A. Weale, 1992, *The Theory of Choice: A Critical Guide*, Oxford, Blackwell, [HB 846.8 T396]
- D. Hausman, (ed.), 1994, *The Philosophy of Economics: An Anthology*, Second Edition, Cambridge, Cambridge University Press.
- S. G. Medema and W. J. Samuels (Eds.), 1996, *Foundations of Research in Economics: How Do Economists Do Economics*, Cheltenham, Edward Elgar.

#### PHILOSOPHY OF SCIENCE/SOCIAL SCIENCE TEXTS AND READINGS

- R. Boyd, P. Gasper, and J. D. Trout (Eds.), 1993, *The Philosophy of Science*, Cambridge Mass, MIT Press.
- A. F. Chalmers, 1982, *What is This Thing Called Science?* Second Edition, St. Lucia, University of Queensland Press [Q175 C438W].
- A. C. Grayling, (ed.), 1995, *Philosophy*, Oxford, Oxford University Press.
- M. Hollis, 1994, *The Philosophy of Social Science*, Cambridge, Cambridge University Press,
- M. Martin and L. C. McIntyre (Eds.), 1994, *Readings in the Philosophy of Social Sciences*, Cambridge Mass, MIT Press.
- A. Rosenberg, 1995, *Philosophy of Social Science*, Second edition, Boulder, Westview Press.

#### REPRINTS

1. K. J. Arrow, 1987, "Economic Theory and the Hypothesis of Rationality", pages 69-74 from J. Eatwell, M. Milgate and P. Newman (eds.), 1987, *The New Palgrave Dictionary of Economics*, London, Macmillan. **P1**
2. R. E. Backhouse, 1997, Ch. 2, "Why Methodology?" from R. E. Backhouse, 1997, *Truth and Progress in Economic Knowledge*, 1997, Edward Elgar, Cheltenham. **P8**
3. M. Blaug, 1992, Ch. 15, "The Rationality Postulate" from M. Blaug, 1992, *The Methodology of Economics or How Economists Explain*, 2nd edition, 1992, Cambridge, Cambridge University Press. **P17**
4. A. Gibbard and H. R. Varian, 1978, "Economic Models, *Journal of Philosophy*, 665-683 [see also the comments by R. M. Dancy and A. Rosenberg] **P20**
5. S. Hargreaves Heap, 1998, "Rational Choice", pages 400-404 from J. B. Davis, D. W. Hands and U. Maki (eds), *The Handbook of Economic Methodology*, Cheltenham, Elgar. **P30**
6. B. Hamminga, 1982, "Neoclassical Theory Structure and Theory Development", in von W. Stegmüller, W. Balzer and W. Spohn (eds.) *Philosophy of Economics*, Springer-Verlag, Berlin. **P33**
7. D. M. Hausman, 1989 "Economic Methodology in a Nutshell", *Journal of Economic Perspectives*, 3, 115-127. **P41**
8. H. Lind, 1992, "A Case Study of Normal Research in Theoretical Economics", *Economics and Philosophy*, 8, 83-102. **P48**
9. U. Maki, 1994, "Reorienting the Assumptions Issue", Ch. 12 in R. E. Backhouse (ed.), 1994, *New Directions in Economic Methodology*, London, Routledge. **P59**
10. U. Maki, 1996, "Two Portraits of Economics", *Journal of Economic Methodology*, 3, 1-38. **P70**
11. W. Milberg, 1996, "The Rhetoric of Policy Relevance in International Economics", *Journal of Economic Methodology*, 3, 237-260. **P90**
12. R. Posner, 1995, "Ronald Coase and Methodology", from *Overcoming Law*, Harvard, Harvard University Press. **P102**
13. W. J. Samuels, 1980, "Economics as a Science and its Relation to Policy: The Example of Free Trade", *Journal of Economic Issues*, 14, 163-85. [Reprinted in M. Blaug (ed.) *James Wilson Isaac Butt, T. E. Cliffe Leslie*, 1991, Aldershot, Elgar] **P112**
14. R. Sugden, 2001, "The Evolutionary Turn in Game Theory," *Journal of Economic Methodology*, 8, 113-120. **P124**
15. R. H. Thaler 1996, "Doing Economics Without Homo Economicus", from S. G. Medema and W. J. Samuels (eds.), 1996, *Foundations of Research in Economics: How Do Economists Do Economics*, Cheltenham, Edward Elgar. **P134**

#### Materials and Equipment

No other material is required or permitted for use in tests and the examination

#### Assessment Requirements

Assignment	40%
Three hour Registry examination	60%

All pieces of assessment will contribute to and test the three objectives, with the balance varying. Details of the assignments are given in a separate document.

### **Due Dates for In Term Work [Hand in no later than the beginning of the lecture]**

Assignment 1    October 12, 2006.

Details of the assignment will be given in a separate document

### **Penalties**

Late work will be accepted without penalty with good reason (e.g. a medical certificate) and prior permission. In other cases 5 marks will be deducted from the student's mark (out of 100) for each day, or part day, the assignment is late. If assignments exceed the word limit only the first X words will be marked.

### **Mandatory Course Requirements**

Completion of Assignment before October 12 2006

### **Communication of Additional Information**

Additional information or information on changes will be conveyed by announcements on Blackboard

### **Faculty of Commerce and Administration Offices**

#### Railway West Wing (RWW) - FCA Student and Academic Services Office

The Faculty's Student and Academic Services Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications. To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

#### Easterfield (EA) - FCA/Education/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education and Law is situated in the Easterfield Building - it includes the ground floor reception desk (EA005) and offices 125a to 131 (Level 1). The office is available for the following:

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.
- Forms for FCA Student and Academic Services (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

### **General University Policies and Statutes**

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied; see the Victoria University Calendar available in hard copy or under 'About Victoria' on the VUW home page at [www.vuw.ac.nz](http://www.vuw.ac.nz).

### **Student and Staff Conduct**

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps are to be taken if there is a complaint. For information about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor or refer to the statute on the VUW policy website at [www.vuw.ac.nz/policy/studentconduct](http://www.vuw.ac.nz/policy/studentconduct). The Policy on Staff Conduct can be found on the VUW website at [www.vuw.ac.nz/policy/staffconduct](http://www.vuw.ac.nz/policy/staffconduct).

### **Academic Grievances**

If you have any academic problems with your course you should talk to the tutor or lecturer concerned; class representatives may be able to help you in this. If you are not satisfied with the result of that meeting, see the Head of School or the relevant Associate Dean; VUWSA Education Coordinators are available to assist in this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website at [www.vuw.ac.nz/policy/academicgrievances](http://www.vuw.ac.nz/policy/academicgrievances).

## **Academic Integrity and Plagiarism**

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. The University defines plagiarism as follows:

*The presentation of the work of another person or other persons as if it were one's own, whether intended or not. This includes published or unpublished work, material on the Internet and the work of other student or staff.*

It is still plagiarism even if you re-structure the material or present it in your own style or words.

*Note: It is however, perfectly acceptable to include the work of others as long as that is acknowledged by appropriate referencing.*

Plagiarism is prohibited at Victoria and is not worth the risk. Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct and may be penalised severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- cancellation of your mark for an assessment or a fail grade for the course
- suspension from the course or the University.

Find out more about plagiarism, and how to avoid it, on the University's website at [www.vuw.ac.nz/home/studying/plagiarism.html](http://www.vuw.ac.nz/home/studying/plagiarism.html).

## **Students with Impairments**

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities the same opportunity as other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services (DSS) to discuss your individual needs and the available options and support on a confidential basis. DSS are located on Level 1, Robert Stout Building, telephone (04) 463 6070, email [disability@vuw.ac.nz](mailto:disability@vuw.ac.nz). The name of your School's Disability Liaison Person is in the relevant prospectus or can be obtained from the School Office or DSS.

## **Student Support**

Staff at Victoria want students to have positive learning experiences at the University. Each Faculty has a designated staff member who can either help you directly if your academic progress is causing you concern, or quickly put you in contact with someone who can. Assistance for specific groups is also available from the Kaiwawao Māori, Manaaki Pihipihinga or Victoria International.

In addition, the Student Services Group (email [student-services@vuw.ac.nz](mailto:student-services@vuw.ac.nz)) is available to provide a variety of support and services. Find out more at [www.vuw.ac.nz/st\\_services/](http://www.vuw.ac.nz/st_services/).

VUWSA employs Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and Faculty delegates. The Education Office (tel. (04) 463 6983 or (04) 463 6984, email [education@vuwsa.org.nz](mailto:education@vuwsa.org.nz)) is located on the ground floor, Student Union Building.

## **Manaaki Pihipihinga - Māori and Pacific Mentoring Programme (Faculty of Commerce and Administration)**

This is a mentoring service for Māori and Pacific students studying at all levels. Weekly one hour sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade, and Room 210 and 211, Level 2, Railway West Wing. Sessions cover drafting and discussing assignments, essay writing, and any questions that may arise from tutorials and/or lectures. A computer suite networked to Cyber Commons is available for student use.

To register with Manaaki Pihipihinga, please contact one of the following:

Puawai Wereta  
Room 210, Level 2  
Railway West Wing  
Tel. (04) 463 8997  
Email: Puawai.Wereta@vuw.ac.nz

Fa'afai Seiuli  
Room 109 B  
14 Kelburn Parade  
Tel. (04) 463 5842  
Email: Faafai.Seiuli@vuw.ac.nz