

School of Economics and Finance

ECON 401 TOPICS IN THE NATURE OF ECONOMIC INQUIRY

Trimester Two 2007

COURSE OUTLINE

Contact Details

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

Class Times and Room Numbers

The lecture time is Monday 9-30 to 11-30 in Resource Room

The final examination will be held in the period October 15 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.

Lecture 1

D. M. Hausman,

Lecture 2

U. Maki (1994)

Lecture 3

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

Lecture 4

B. Hamminga,

[H. Lind]

Lecture 5

R. Sugden

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

Lecture 6

J. J. Vromen, 2004, "Taking Evolution Seriously: What Difference Does it Make for Economics?", *The Elgar Companion to Economics and Philosophy*, editors J. B. Davis, A. Marciano and Jochen Runde, Cheltenham, Edward Elgar.

Lecture 7

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.

Lecture 8

W. Milberg

W. J. Samuels

Lecture 9

W. Milberg, 2006, "The New Social Science Imperialism and the Problem of Knowledge in Contemporary Economics", *SCEPA Working Paper 2006-2*, Schwartz Center for Economic Policy Analysis.

Lecture 10

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]

Lecture 11

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]

Lecture 12

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

Students are required to give two presentations of the topics to be covered in weeks 3 to 11. For both presentations students should distribute notes to the class of about 1000-1500 words. These notes should be comprehensible to anyone who has not read the paper and should state clearly the central conclusion(s) of the paper along with the arguments used by the author to reach these conclusions.

Students are also required to write a review essay of F Laville, 2000, "Should We Abandon Optimisation Theory? The Need for Bounded Rationality", *Journal of Economic Methodology*, 7, 395-426.

Your essay should satisfy the following conditions

1. It should contain a clear summary of the material. A clear summary is one such that a reader who had not read the work you are reviewing but who had read your summary would have an accurate idea of the contents of the work being reviewed.
2. It should present those arguments/explanations which you consider to be the most important ones
3. It should present an evaluation of these central arguments/explanations.
4. It should state clearly why you do or do not or not you accept the author's central conclusion (s).

Also note

5. Essays should be typed and written in good English, that is not in note form, and should include a properly referenced bibliography
6. Essays should not exceed 2000 words. Only the first 2000 words of an essay will be marked.
7. You should, as far as is possible, express the ideas in your own words. Extensive quoting or near quoting usually indicates a lack of comprehension

Final marks for the course will be based on:

1. Class presentations and accompanying notes 10%
2. Review essay 40%,
3. A two-hour examination 50%.

Due Dates for In Term Work

The notes accompanying the class presentation are to be distributed at the beginning of the relevant lecture. The review essay is due on 12 October 2007

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.

Communication of Additional Information

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

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.

Notice of Turnitin Use

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <<http://www.turnitin.com>>. Turnitin is an on-line plagiarism prevention tool which identifies material that may have been copied from other sources including the Internet, books, journals, periodicals or the work of other students. Turnitin is used to assist academic staff in detecting misreferencing, misquotation, and the inclusion of unattributed material, which may be forms of cheating or plagiarism. At the discretion of the Head of School, handwritten work may be copy typed by the School and subject to checking by Turnitin. You are strongly advised to check with your tutor or the course coordinator if you are uncertain about how to use and cite material from other sources. Turnitin will retain a copy of submitted materials on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

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 or go to www.vuw.ac.nz/policy.

For information on the following topics, go to the Faculty's website www.vuw.ac.nz/fca under Important Information for Students:

- Academic Grievances
- Academic Integrity and Plagiarism
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments
- Student Support

Manaaki Pihipihinga Programme

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

For further information, or to register with the programme, email manaaki-pihipihinga-programme@vuw.ac.nz or phone (04) 463 5233 ext. 8977. To contact the Pacific Support Coordinator, email pacific-support-coord@vuw.ac.nz or phone (04) 463 5842.