

## Seminar: Winter Term 2016/2017

*Modern Political economics*

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### Session 1: Science? What`s that?

- A. Understanding  
*Socrates, Plato, Aristotle and consequences...*
- B. Knowledge  
*.... which are Kant and the notion of science*
- C. Scientific knowledge
  - Procedures: Popper
  - Methods: Storks, coins and analytics
  - Progress: Kuhn, Feyerabend, Lakatos

### 2. Session: Economic Science

- A. Fundamentals
  - Axiom: Scarcity
  - Consequence: Decision making, opportunity costs
  - Methods: Logical thinking based on empirically valid models
- B. Assessment:) and Wealth Distribution
  - Assessment: Macro and micro
  - Allocation of resources : efficiency (Pareto-Optimality)
  - Distribution of income and building of wealth
  - Stability and Growth: Sustainability and Ricardo`s Inter-generation equity theorem
- C. Consequences
  - 1. Supply oriented (neoclassical) theory (Walras, Pareto) and Neoliberalism (Hayek)
    - o Efficient markets and micro-market failures
    - o Ordnungspolitik (Eucken) and state-intervention (Pigou, Coase)
  - 2. Demand oriented theory (Keynes)
    - o Systemic (macro) failures (market transmission)
    - o State intervention (stabilization): deficit-spending and surplus saving
  - 3. Supply- demand models (different emphasis)
    - o Money (Friedman)
    - o Expectation (Lucas)
    - o Growth (Solow)