

Organization of Scientific Knowledge in Paradigms

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Thomas Kuhn Scientific knowledge is organized
in paradigms

Example of a paradigm in macroeconomics - the
real business-cycle paradigm

Elements of a paradigm	RBC example
• A main model / theory	Solow growth model with stochastic technology
• A set of facts / observations of interest	<ul style="list-style-type: none">- Fluctuations in real GDP- Fluctuations in hours worked- Fluctuations in consumption & investment- Fluctuations in productivity
• A set of acceptable problems	<ul style="list-style-type: none">- Explain jointly growth & fluctuations- Explain volatility & correlation of certain macro variables
• A set of acceptable solutions (acceptable ways to solve problems)	<ul style="list-style-type: none">- Rational agents- Rational expectations- Walrasian, clearing markets
• A set of shared techniques & practices	<ul style="list-style-type: none">- Dynamic programming- HP filter

- Calibration
+ Simulation

- Do not use graphs

• Textbooks describing
the model, techniques, many

"Frontiers of Business
Cycle Research"

Pennsylvania University Press

Edited by Coder