

# POL2012: Theories and Models in Political Economy

Neo-Classical Political Economy

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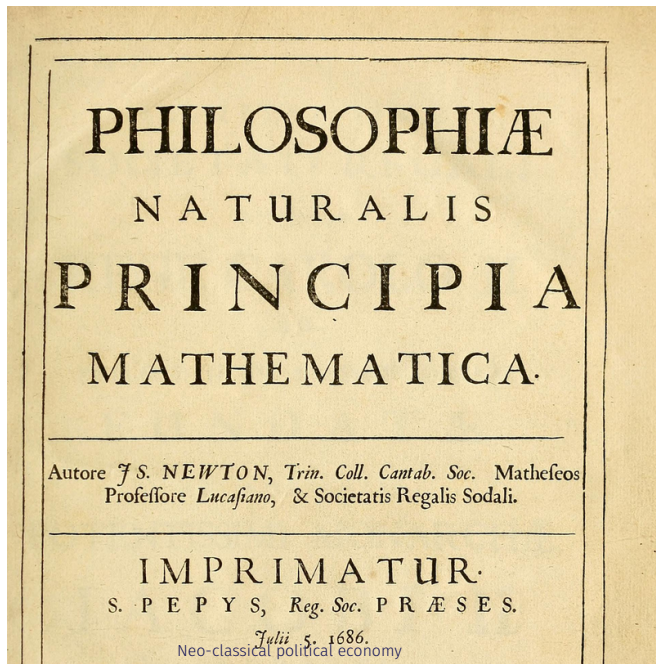
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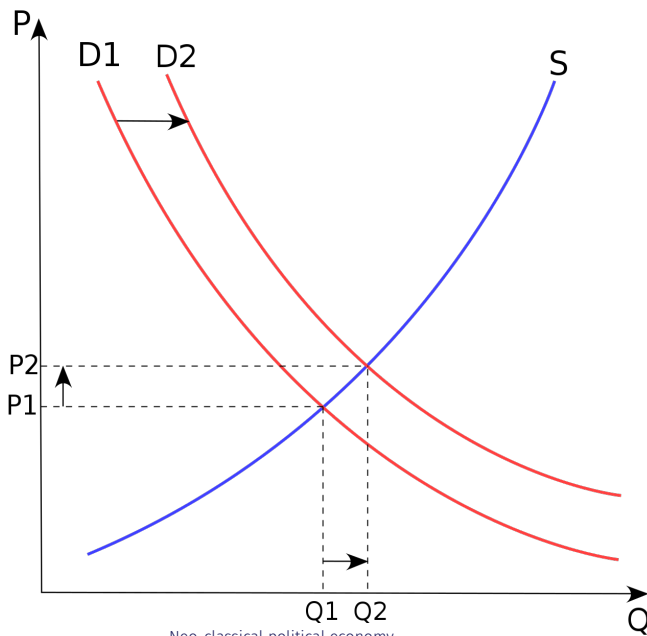
# Historical Context - A Crisis of Capitalism



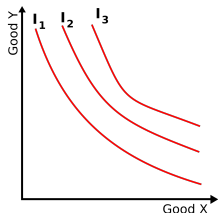
# Historical Context - A Crisis of Capitalism



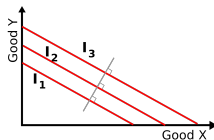
# Supply and Demand



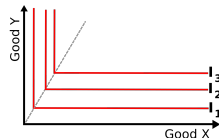
# Supply and Demand



**Figure:** An example of an indifference map with three indifference curves represented



**Figure:** Three indifference curves where Goods X and Y are perfect substitutes.



**Figure:** Indifference curves for perfect complements X and Y.

# Assumptions

## ► Utility

# Assumptions

- ▶ Utility
- ▶ Rational actors

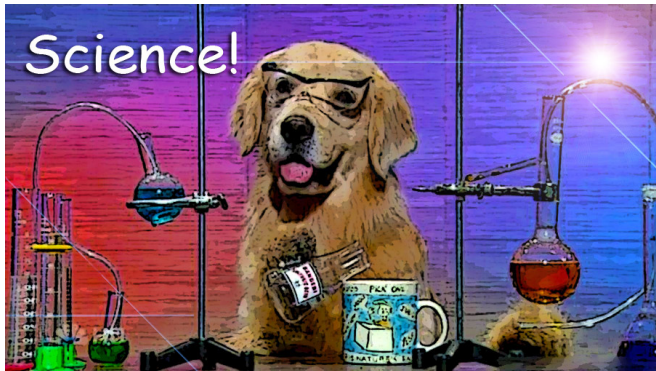
# Assumptions

- ▶ Utility
- ▶ Rational actors
- ▶ Information and competition



# Benefits

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# Units of analysis



# The paradox of the firm



# How should we structure the market?

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- ▶ Perfect competition

# Distribution





# Summary discussions