POL2012: Theories and Models in Political Economy

Neo-Classical Political Economy

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Historical Context - A Crisis of Capitalism



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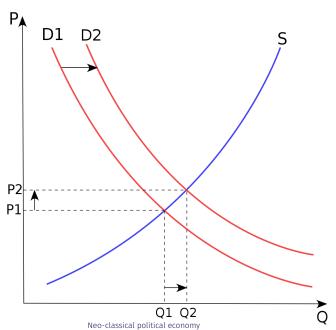
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Autore J. S. NEWTON, Trin. Coll. Cantab. Soc. Matheseos Professore Lucasiano, & Societatis Regalis Sodali.

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Neo-classical political economy

Supply and Demand



Supply and Demand

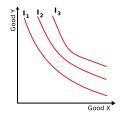


Figure: An example of an indifference map with three indifference curves represented

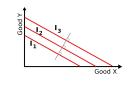


Figure: Three indifference curves where Goods X and Y are perfect substitutes.

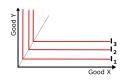


Figure: Indifference curves for perfect complements X and Y.

Assumptions

► Utility

Assumptions

- ► Utility
- ► Rational actors

Assumptions

- ► Utility
- Rational actors
- ► Information and competition

Benefits



Benefits



Benefits



Units of analysis





The paradox of the firm



How should we structure the market?

How should we structure the market?

▶ Perfect competition

Distribution



Summary discussions

