

Doctoral Program in Economics



Academic year 2020/21

PRODUCTION AND PRICES

Period:

First term: from November 2nd, 2020 to January 29th, 2021

Course hours:

7 lectures of 2 hours each. Two modules.

Teachers:

Fabio Petri (8 hours), co-ordinator; Neri Salvadori (6 hours) .

Exam methods:

final written examination plus homeworks during the course

Module of prof. Petri - 4 lectures

Program

Notion of long-period prices - Its role in economic explanations - Ricardo and Marx were defective; Sraffa's correction - Walras too has long-period prices - But neoclassical theory is unable to determine them because unable to determine long-period general equilibria: these need a given total endowment of capital which is indeterminable - Cambridge debates: reswitching and reverse capital deepening, implications for investment theory - Problems of modern neo-Walrasian general equilibria - The classical-Keynesian alternative: relevance of variable capacity utilisation.

Educational objectives

To explain why the modern theory of long-period prices allows understanding that the deficiencies of the classical approach to value and distribution can be remedied, while those of the marginal/neoclassical approach appear insurmountable and are responsible for the recent shift of neoclassical value theory away from long-period prices which causes much confusion and sterility.

Bibliographical references

P. Garegnani, "Quantity of Capital", in Eatwell, Milgate, Newman eds. *The New Palgrave: Capital Theory*, 1990;

F. Petri, *General Equilibrium Capital and Macroeconomics*, Edward Elgar 2004.

Reading List

P. Garegnani, "Quantity of Capital". F. Petri, "What Capital Theory Can Teach Us", in Gabellini, Gasperin, Moneta eds., *Economic Crisis and Economic Thought*, Routledge 2019;

M. Kalecki, "Political aspects of full employment", 1943, several sources;

H. D. Kurz, "Accumulation, Effective Demand and Income Distribution", in Halevy, Laibman, Nell eds. *Beyond the Steady State*, Macmillan 1992.

Module of prof. Salvadori - 3 lectures

Program

- Production with land and labour without capital
- Production with capital and labour without land.
- Capital theory and criticism of Neo-Classical theory of distribution

Educational objectives

The first two lectures provide the minimum analytical material needed to deal with the problem of Capital and the criticism of Neo-Classical theory of distribution.

Bibliographical references

Heinz Kurz and Neri Salvadori. "The classical theory of rent", in Mauro Baranzini, Claudia Rotondi and Roberto Scazzieri (Eds), *Resources, Production and Structural Dynamics*, Cambridge: Cambridge University Press, 2015.

Heinz Kurz and Neri Salvadori. "Production Theory: An Introduction", *Indian Economic Journal*, 2001.

Heinz Kurz and Neri Salvadori. *Theory of Production. A Long-Period Analysis*. Cambridge: Cambridge University Press, 1995. Reprinted in 1997, first paperback edition in 1997. Chapter 14.

Reading list

Heinz Kurz and Neri Salvadori. *Theory of Production. A Long-Period Analysis*. Cambridge: Cambridge University Press, 1995. Reprinted in 1997, first paperback edition in 1997.