ACADEMIC YEAR 2007/2008

GRADUATE SCHOOL SYLLABUS

TOPICS IN THE HISTORY OF EQUILIBRIUM ANALYSIS:
JEVONS, WALRAS, EDGEWORTH, AND MARSHALL

FRANCO DONZELLI
DEPARTMENT OF ECONOMICS
UNIVERSITY OF MILANO

➢ COURSE DESCRIPTION

Ⅳ Objectives and methods

The course aims at critically reconstructing the evolution of equilibrium analysis during the first two decades since the inception of the so-called neoclassical approach in 1871. The suggested reconstruction will rest on a careful reading of a few selected writings by the founders of the modern equilibrium approach to the theory of markets and prices: namely, W.S. Jevons (1871), L. Walras (1874-77), F.Y. Edgeworth (1881), and A. Marshall (1890).

The course will focus on a few crucial analytical and epistemological questions underlying neoclassical equilibrium analysis, and will critically review the attempts at facing such issues made by the founder of general equilibrium theory (L. Walras), the originators of the bargaining approach to the theory of markets and prices (W.S. Jevons and F.Y. Edgeworth), as well as the initiator of partial equilibrium analysis (A. Marshall). Special attention will be devoted to a few controversial issues concerning the epistemological status of neoclassical economic theory (such as the empirical content and predictive power of the theory, the nature of the explanations provided by equilibrium analysis, the wavering meaning of the equilibrium concept in the works of the founding fathers of neoclassical economics, etc.).

The students will be invited to read, interpret and discuss the listed works of the specified nineteenth-century economists in the light of the contemporary developments of microeconomic analysis, as well as to draw from the proposed historical reconstruction all possible insights aimed at a deeper understanding of current theoretical debates.

Ⅳ Contents

The lectures will start with a general introduction to the main analytical and epistemological problems faced by early neoclassical economics over the period 1871-1890.

Then we shall thoroughly discuss Walrasian general equilibrium theory, as expounded by Walras himself in the various editions of his *Eléments d'économie politique pure* and related writings: in particular, after discussing the relationship between Walras’s equilibrium concept and the so-called tâtonnement construct, we shall distinguish two alternative interpretations of the equilibrium notion (the “instantaneous” and the “stationary” interpretation, respectively), coexisting in both Walras’s original works and the subsequent developments of general equilibrium analysis.

Finally, by using Walras’s approach as a benchmark, we shall investigate the different solutions to the equilibration problem put forward by Jevons and Edgeworth, on the one hand, and Marshall, on the other: in either case we shall explain how the non-Walrasian solutions to the equilibrium establishment issue put forward by Jevons, Edgeworth, and Marshall quite naturally lead such economists to adopt equilibrium concepts that basically differ from Walras’s.

Ⅳ Organization and prerequisites

The course will consist of seven lectures, each lecture lasting two hours with a break of ten minutes.

The students will be assessed partly on the basis of their participation in the course activities (30%) and partly on the basis of a short essay (max 5.000 words) on an approved topic to be delivered within two months since the end of the course (70%).
The course is analytically oriented. Hence the students attending it will be supposed to be well acquainted with modern equilibrium analysis. Specifically, they will be required to master the analytics of both modern general equilibrium theory and bargaining theory at an introductory graduate level (first year of a PhD Program in Economics). A sufficiently precise idea of the sort of analytical knowledge and skills that will be taken for granted as a pre-requisite to the attendance of the course is provided by the readings listed below under the heading Analytical background readings.

➢ COURSE OUTLINE

▪ Overview of the lectures

1. Lesson 1 - February 26, 2008 - 10:15am - 12:15pm
   Equilibrium analysis in early neoclassical economics: an introduction

2. Lesson 2 - February 27, 2008 - 10:15am - 12:15pm
   Equilibrium and tâtonnement in Walras’s Eléments and related writings

3. Lesson 3 - February 28, 2008 - 10:15am - 12:15pm
   Stationary vs. instantaneous equilibrium in Walrasian general equilibrium theory

4. Lesson 4 - February 29, 2008 - 10:15am - 12:15pm
   Walras vs. Jevons and Edgeworth on equilibrium and disequilibrium

5. Lesson 5 - March 3, 2008 - 10:15am - 12:15pm
   Demand-and-supply analysis in Jevons and Edgeworth

6. Lesson 6 - March 4, 2008 - 10:15am - 12:15pm
   Walras vs. Marshall on equilibrium and disequilibrium

7. Lesson 7 - March 5, 2008 - 10:15am - 12:15pm
   Observable disequilibrium, real-time equilibration, and partial equilibrium analysis in Marshall

▪ Reading list

  ▪ Basic readings

Analytical background readings

i. General equilibrium

ii. Bargaining

History-of-thought background readings


Reference readings on Jevons’s, Walras’s, Edgeworth’s, and Marshall’s theoretical systems