

Lecture 17: Sraffa; game theory and social choice

We have already mentioned Sraffa in connection with the Cambridge controversy. The most important academic work of Piero Sraffa (1898 – 1983) was perhaps the collection and publishing of Ricardo's collected work, but he gave rise to a brief interlude in the development of economic thinking with the book "Production of commodities by means of commodities", which should point to shortcomings in the neoclassical theory of value and develop an alternative. This alternative, known as the neo-Ricardian school, never really came off, but it is very often referred to, and we take a brief look at it.

After this, we consider one of the other new directions in economic thinking after the war, namely game theory. We follow B&D and concentrate on the early decades of game theory, which for many years lived outside mainstream economics, until it finally got its breakthrough in the course of the 1980s. A natural follow-up on this is a brief consideration of expected utility, which is important in game theory.

Finally, we the impossibility theorem of Arrow and how it changed the discipline.

We read: Most of what we speak about is mentioned in both V&G and B&D, but not in the form of specific chapters.