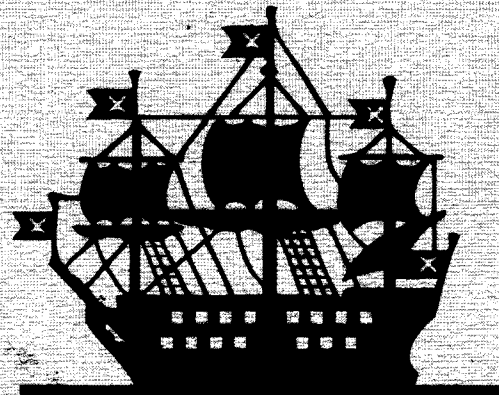




ESHET

European Society for the History of Economic Thought



ESHET
conference

St. Petersburg, May 17 - 19

2012

**Institutions and Values
in Economic Thought**

Book of Abstracts

Keynote speakers:

Geoffrey Hodgson, Victor Polterovich

Welcoming Message

Dear colleagues,

It is our great pleasure to welcome you to ESHET 2012, the 16th Annual Conference of the European Society for the History of Economic Thought held in St. Petersburg.

The main theme of the Conference is Institutions and Values in Economic Thought. Not coincidentally it was chosen for the first ESHET Conference held in Russia since this topic has been often underestimated in transition economies.

We would like to express our gratitude to Harald Hagemann, the President of ESHET, to John Davis and Amos Witztum for their constant help and great contribution to planning this year's conference as well as for their agreeing to serve on the Scientific Committee.

We also wish to thank the St. Petersburg State University and the Economic Faculty in particular, special thanks personally to Elena Chernova, the Pro-rector, and Otar Margania, the Dean, as well as the Saint-Petersburg City Administration, Rusenergoresurs LLC, the Alumni Association of the Economic Faculty of the St. Petersburg State University and the information partners for providing the financial and information support for ESHET 2012.

Last but not the least we would like to thank all the authors of submitted papers and the attendees for their contribution and participation.

We believe the Conference will help to move forward the study of the history of economic thought, to establish new contacts and to find in an invaluable heritage of the past theories and methods that can meet the challenges of the present.

We sincerely hope you enjoy the academic and cultural atmosphere of the conference and wish you a pleasant stay in St. Petersburg.

With kindest regards,

Members of the Local Committee

About ESHET



ESHET

European Society for the History of Economic Thought

The European Society for the History of Economic Thought promotes:

- the teaching and research in the history of economic thought in Europe, taking into account different traditions and languages,
- the co-operation with European national economic societies and organisations in the history of economic thought,
- the communications and exchange of ideas amongst European teachers and researchers in the history of economic thought, including the organisation of conferences, seminars and summer schools,
- the establishment of links with national economic societies and organisations for the history of economic thought outside Europe,
- the introduction of innovative methods in the teaching of the history of economic thought, the collaboration in researches in the history of economic thought on a European basis.

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ESHET Conference'2012 – Call for Papers

Institutions and Values in Economic Thought

The 16th Annual Conference of the European Society for the History of Economic Thought (ESHET) will be held at the St. Petersburg State University (Russia), May 17-19 2012.

The standard view of economists that economics is a value-free science independent from political and social institutions has changed significantly. Even positive economics is value-laden in choosing its subject-matter, methods, concepts and scientific criteria. "Institutions matter" in economics, and there are many ways of studying institutions in different schools of economic thought. Though mainstream economics has neglected institutions, there remain important questions for historians of economics: What is the place of institutions in the different economic schools (Mercantilism, Classical political economy, the Cambridge school, Marxism, Austrian, Post-Keynesian and Evolutionary economics, and others)? Why were institutions neglected for so long in modern economic theory? What are the accomplishments of institutional thinking in economics? Can bridges be built between Old and New Institutional economics? What are the cultural and national traditions of economic thought regarding institutions?

Topics for discussion could include:

- Institutions in economic thought
- Old and New institutional economics
- National traditions and evolution of economic thought regarding institutions
- Various economic schools on the role of institutions in the economy
- Is economics a value-free or value-laden science?
- Role of institutions in shaping economic thought
- Institutions and economic performance
- Institutions and values in Transitional/Emerging/Developing markets

Keynote Speakers:

- Geoffrey Hodgson. Research Professor in Business Studies at the University of Hertfordshire, Editor-in-Chief of the Journal of Institutional Economics;
- Victor Polterovich. Professor at the Moscow School of Economics.

Proposals for papers or sessions on all other aspects of the history of economic thought are also welcomed. An abstract of about 300 words for a paper and about 500 words for a session should be submitted at the latest by January 10, 2012 by following the instructions on the conference website: <http://eshet2012.ru>.

A selection of papers of the conference will be published in **The European Journal of the History of Economic Thought**.

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- John Davis (Marquette University and University of Amsterdam)
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18.05.2012

Number	Name	Auditorium	Time
C1	Competition	37	09.00-10.30
C2	Economics and Crisis	57	09.00-10.30
C3	Marxism	Conference Hall	09.00-10.30
C4	Theory of Money	59	09.00-10.30
C5	Smith-1	58	09.00-10.30
C6	Mathematization	67	09.00-10.30
C7	Debates on Values	93	09.00-10.30
D1	Utility Theory	Conference Hall	11.00 - 13.00
D2	Religion and Economic Thought	37	11.00 - 13.00
D3	Keynes	57	11.00 - 13.00
D4	Mexico	58	11.00 - 13.00
D5	Ricardo	93	11.00 - 13.00
D6	Commemorating Blaug and Skinner	59	11.00 - 13.00
D7	Liberal Economic Thought	67	11.00 - 13.00
E1	Austrian Economics	37	14.00-15.30
E2	Old Institutional Economics	57	14.00-15.30
E3	Russian and European Emigres and the Possibility of Economic Calculation	Conference Hall	14.00-15.30
E4	English and Scottish Economic Thought	58	14.00-15.30
E5	Justice	59	14.00-15.30
E6	HET – Individuals	67	14.00-15.30
E7	Institutions of Economics	93	14.00-15.30
F1	Walras and Political Economy	37	15.45-17.15
F2	International Economics	57	15.45-17.15
F3	Macroeconomics-2	58	15.45-17.15
F4	Transition Economy	Conference Hall	15.45-17.15
F5	Contracts, Markets and Competition in English Economists from Marshall and Edgeworth to Coase. At the Origins of the Economic Analysis of Law	59	15.45-17.15
F6	Development	67	15.45-17.15
F7	New Perspectives and Methodology	93	15.45-17.15
	President Lecture of Annalisa Rosselli	Conference Hall	17.30 – 18.30

	18.05.2012	09.00-10.30	CH
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Marxism

Title	Authors	Discussant	Chair
Georg von Charasoff: A Georgian Intellectual in Germany and Switzerland	Christian Gehrke	Peter Klyukin	Peter Klyukin
The value-price transformation and maximizing behavior of workers	Gleb Borisov	Christian Gehrke	
New circular-flow schema based on Quesnay-Charasoff-Slutsky implications (as a deduction from Marxian formula M-C-M')	Peter Klyukin	Armando Ochangco	

	18.05.2012	09.00-10.30	59
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Theory of Money

Title	Authors	Discussant	Chair
The Quantity Theory of Money: Who is the Father?	Daniel Diatkine, Sylvie Diatkine	Alexandre Reichart	Daniel Diatkine
Quantity theory Of Money And Natural Interest Rates	Vadim Kufenko	Anna Maria Rita La Bruna	
Derivatives markets, Theory of money and finance	Dimitris Sotiropoulos	Susumu Takenaga	

	18.05.2012	09.00-10.30	58
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Smith-1

Title	Authors	Discussant	Chair
Us and the Others: building on Sen and Smith	Gianni Vaggi, Sara Stefanini	Furuya Hiroyuki	Gianni Vaggi
Division, demand and supply of labour - Elements of a theory of population in Adam Smith	Jerome Lange	David Andrews	
Adam Smith's solutions to the Prisoner's Dilemma	Benot Walraevens	Amos Witztum	
Adam Smith in Imperial China: translation and cultural adaptation	Olga Borokh	Rodolfo Signorino	

[C3-03]

New circular-flow schema based on Quesnay-Charasoff-Slutsky implications (as a deduction from Marxian formula M-C-M')

Peter Klyukin

National Research University Higher School of Economics

1. Theory of production is essentially theory of organization of economic system as a whole. We need structural model, but not computable model of it.
2. After Marx we have G. von Charasoff (1877-1931), i.e. his theory of production stages and of Urkapital (1910).

His approach is topologically generalized as follows³:

$$\begin{array}{l}
 X_0 - X_1 - X_0 \\
 X_1 - X_2 - X_1 \\
 X_2 - X_3 - X_2 \\
 \dots\dots\dots \\
 X_{n-1} - X_n - X_{n-1} \\
 X_n - X_n. \quad \text{(schema 1)}
 \end{array}$$

3. Schema 1 represents full causality principle, as opposed well-known (Sraffian) simultaneity principle. It embraces Quesnay's «Le zigzag» (1758): when series of means $(X_1, X_2, \dots, X_{n-1})$ generates decreasing geometric series $(X_1, \frac{1}{2}X_1, \frac{1}{4}X_1, \dots, \frac{1}{2^{n-1}}X_1, \dots)$, and $X_n - X_n$ means closing element, i.e. compensation of initial income X_1 (in the first string), so that we have $(X_1 - [\frac{1}{2}X_1 + \frac{1}{4}X_1 + \dots + \frac{1}{2^n}X_1 + \dots])$, then we see structural Quesnay's model.

4. As we know, Charasoff managed to avoid Bortkiewicz's transformation problem, but he succeeded in resolving Marxian stumble between 1 and 3 volumes of «Kapital»; he constructed new type of production dialectics (schema 1). We need to expand it in the following way: we introduce micro-foundations of the system, i.e. subjective element, «I» («Ich» in Deutsch). Taking into account Slutsky's «Theory of marginal utility» (1910), then § 12-13 of his article 1915, and praxeological program 1926, we form basic equation «I - C - I'» (where «I' minus I» is increase in utility). Also we follow Slutsky's way of economic formalism, not accomplished by him completely for various reasons in the late 1920s.

³ X_0 on the left hand is «input», on the right hand - «output» (in the first string), X_1 - terminus medius (see logic as a discipline, and Hegelian triads as its performance). Strings are stages of production. $X_n - X_n$ means «evidence» (in Quesnay's sense).

5. After fulfilling gaps in the Russian tradition of economic analysis (Tugan – Dmitriev – Schaposchnikoff – Bortkiewicz – Charasoff – Slutsky) we return to Marx. We consider his formula $M - C - M'$ as a formula of growth, rather than circuit-flow («Kreislauf») consisting of two metamorphoses $M - C$ and $C - M$. We will consider our schema 1 as a recurrent procedure of (potentially) infinite reiteration of the first string $X_0 - X_1 - X_0$.

6. Now we set up the problem of (Marxian) capitalistic system in the following way. Let us $X_0 = M$, $X_1 = C$. We abstract our mind from the other strings of schema 1. So, question: what will take place with capitalistic system, described by formula $M - C - M'$, through n cyclic recurrences?

7. Put aside intermediate reasoning, we get expression $M - M'$, and corresponding transformation: $M - C - M' \rightarrow M - M'$. In contrast to Marx himself (he labelled it as usurious capital, upper fetishism and so on) and Bortkiewicz's mechanism of transformation we mean historical immanent transformation of capitalism itself since Marxian time.

8. Terminus medius C is superseded from formula $M - C - M'$. But it switches to lower level (according Veblen's idea of dichotomy «industry - business»), and we have instead one string in fact two:

$$\begin{array}{c} C - M - C' \\ M - M \end{array} \quad (\text{schema 2})$$

where $C - M - C'$ means real production process with surplus ΔC , not (as in Marx) a simple commodity exchange.

9. There are 3 reasons in favor of incompleteness of schema 2. 1) ΔC should be consumed by separate economic force. 2) «I» is now «weaker» than C , for «I» is not a terminus medius of the second string (fact of quasi-denying of the labour theory of value). 3) «I» (worker, consumer, living on subsistence - wages w) receives utility from consumption of C , making in that way an «additional utility» (ΔI).

10. So we get finally:

$$\begin{array}{c} I - C - I' \quad (w) \\ C - M - C' \quad (r) \\ M - M \quad (R) \end{array} \quad (\text{schema 3})$$

where r – industrial rate of profit, R – maximum rate of profit (in Sraffian sense). Here «Geld macht Geld» («money do money» in English) is represented explicitly, as basis of the system. Advantages of new scheme, derived from Marxian principle $M - C - M'$, are: introduction of I in fully objective system (Spinozal-type), and explication of money M as almost forgotten element in classical and Sraffian political economy.

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