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DYNAMICS OF MARKETS AND EQUILIBRIUM

AMARESH DAS AND S. O. OKPECHI
College of Business, Southern University at New Orleans.
New Orleans, LA 70126, USA

Abstract

The paper comments on what the standard concept of equilibrium in neo classical economic theory and finance ignore: that there is as yet no evidence from the analysis of real, unmassaged market data to support the notion of Adam Smith's stabilizing Invisible Hand. The practice of Paul Samuelson of making occasional reference to physics is explored. It was argued that the practice was neither 'merely' stylistic nor idiosyncratic, but instead was motivated by mathematical issues. Examples were drawn from neo classical price theory. If any project of turning economics and finance into a hard science, then it would surely be worth looking into.

Keywords: The neoclassical economy, entropy, the pair correlation function, Bohr's principle, correspondence principle, La Chatelier principle

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