

Friedrich August von Hayek, *Individualism and Economic Order*,

cha. 4: *The Use of Knowledge in Society*

cha. 5: *The Meaning of Competition*.

Questions for cha. 4: *The Use of Knowledge in Society*

1. What is the economic problem of the society according to neoclassical economics? (H1)
2. What is the economic problem of the society according to Hayek? Why he disagreed with neoclassical economics in this respect? (H2-H4)
3. How he described economic knowledge to be found in an economic system? (H3)
4. What is the basis for comparison of different economic systems (socialism, capitalism, etc.) according to Hayek? (H7)
5. Describe main differences between 2 kinds of knowledge distinguished in H8-H10.
6. Is it possible to gather the knowledge Hayek is concerned with in statistics? What conclusion he draws with the answer to this question? (H16-17)
7. What is the most important role of the price system in economy? (H21-22)
8. Why price system is described as 'marvel'? (H23-24, 26)

Questions for cha. 5: *The Meaning of Competition*.

1. For what reasons Hayek criticized the theory of perfect competition? (p. 92-98)
2. How the assumption of perfect knowledge is treated by Hayek? (p. 95-96)
3. What is better market setting for Hayek – imperfect competition or monopoly? (p. 101-104, 105-106)