ADVANCED HETERODOX ECONOMICS (ECON 5503) Fall 2012

Professor F. S. Lee
Office: Manheim Hall 202D
Office Hours: MW 10.00-11.00 or by appt.
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Lectures: Wednesday, 1.00 – 3.45p.m., Royall Hall 204

Required Texts:
- R. Miller and P. Blair, *Input-Output Analysis*
- P. Sraffa, *Production of Commodities by Means of Commodities.*
- F. S. Lee (ed.), *Social Provisioning, Embeddedness, and Modeling the Economy*

Optional Texts:
- H. D. Kurz and N. Salvadori, *Theory of Production: A Long Period Analysis*
- A. Sinha, *Theories of Value from Adam Smith to Piero Sraffa*
- G. Chiodi and L. Ditta (eds) *Sraffa or an Alternative Economics*
- L. L. Pasinetti, *Keynes and the Cambridge Keynesians*

Assessment:
- Take home exam handed out on September 19, 2012 and returned on September 26, 2012—worth 25% of your final grade
- Take home exam handed out on October 24, 2012 and returned on October 31, 2012—worth 25% of your final grade
- Take home exam handed out on November 28, 2012 and returned on December 5, 2012—worth 25% of your final grade.
- Final Exam, December 12, 2012, 1.00-3.00pm—worth 25% of your final grade.

Announcement:
- There will be no class on December 5, 2012—it will be rescheduled for another day.

Problem Set:
- It will be distribute and placed on Blackboard.

Description:
The course examines various theoretical approaches and topics, both historically and currently, that constitute heterodox economics. In particular, the course deals in depth with the mathematical and economic properties of heterodox production and price models. After reviewing the mathematics of linear production-price models, the module will examine Leontief, Sraffian, and other heterodox price and production models.
"This link will direct you to essential information regarding university policies, rules, and resources [http://cas.umkc.edu/student-resources.asp](http://cas.umkc.edu/student-resources.asp)"

Here are some great resources to help students build their math skills.

The Khan Academy: [http://www.khanacademy.org/math/algebra](http://www.khanacademy.org/math/algebra)

I've linked to the algebra section of this site, but there are short tutorials at all levels of math. I highly recommend to my students that they watch some of these in the algebra section, especially if they aren't solid on what a function is and why we are using them in economics. There are also some tutorials on graphing equations and such.


This one is a very nice tool for graphing functions and playing around with them. You can run it in the browser or simply download a standalone version.

**COURSE OUTLINE**

I. **Introduction**

A. **Production as a Circular Process and the Foundation of Heterodox Economics**

B. **Brief Historical Excursus**

1. Miller and Blair, *Input-Output Analysis*, Appendix C.

II. Input-Output Modelling of the Economy

A. Input-Output Representation of the Economy

1. Miller and Blair, *Input-Output Analysis*, ch. 4.1-4.6

B. The Simple Mathematics of Linear Production and Price Models

1. Lee, F. S. ”The Simple Mathematics of Linear Production Models”.

C. Closed and Open Leontief Models

1. Pasinetti, Lectures, pp. 35 - 70.
3. Miller and Blair, *Input-Output Analysis*, chs. 2, 5, 6
5. Leontief, W. “Input-Output Economics”.

D. Social Accounting Matrices and other Special Topics


III. **Sraffian Production-Price Models**

A. **Sraffa’s Production-Price Model**

2. Pasinetti, *Keynes and the Cambridge Keynesians*, Book II.

B. **Production for Subsistence and the Price System**


C. **Production with a Surplus and the Price System**


D. **Prices, Wages, and the Rate of Profit: the relationship between relative prices and the rate of profit**


E. **Prices, Wages, and the Rate of Profit**: the relationship between the wage rate and the rate of profit


F. **The Rate of Profit and Non-Basic Commodities**


IV. **Alternative Heterodox Production and Price Models**

A. **The Classical Production-Price Model**


B. **The Burchardt Production-Price Model**


C. The Lowe Production-Price Model


D. Pasinetti and the Modeling of Structural Change

4. Pasinetti, Keynes and the Cambridge Keynesians, Books I and III.

E. Bortis and Classical-Keynesian Modeling of the Economy


V. Heterodox Production and Price Models

A. Modeling the Economy


B. Agency, Prices, Output, and Employment


C. Modeling the Core of the Economy


D. Special Analytical Topics


VI. Conclusion: comparing and evaluating the heterodox production and price models

A. Schema of Production, Circular Production, and Input-Output Heterogeneity


**B. Prices, Profits, and Income Distribution**


**C. Agency, Surplus, and the Coordination of Economic**

D. Aggregation, State and other Institutions

E. Multiplier


F. Organizing Theorizing: Non-Equilibrium vs. Equilibrium