

**Australian School of Business  
School of Economics**

**ECON 3119  
PECO 3000  
POLITICAL ECONOMY**

**Course Outline  
Semester 2, 2010**

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# **1 STAFF CONTACT DETAILS**

Lecturer-in-charge: Neil Hart

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Mobile 0402883500; Consultation times: TBA

Peter Kriesler

Email: [p.kriesler@unsw.edu.au](mailto:p.kriesler@unsw.edu.au)

ASB Building Room 445

Ph. 9385 3373

### **1.1 Communications with staff**

You should feel free to contact your lecturer about any academic matter. It is best that enquiries about the subject material be made at lectures or tutorials or during consultation time

Email correspondence on administrative matters (e.g. advising inability to attend tut) will be responded to within 48 hours, but not over weekends. Please note that the lecturer has no advance notice of the date and time of the exam.

## **2 COURSE DETAILS**

### **2.1 Teaching Times and Locations**

There is 1 x 2 hour lecture per week and 1 x 1 hour tutorial class

Lecture: Wednesday 11:00 – 13:00 Law Theatre G23

Tutorials Start in Week 2. The times are:

Wednesday 13:00 – 14:00 Australian School Business 207

Wednesday 15:00 – 16:00 Australian School Business 215

Wednesday 16:00 – 17:00 Australian School Business 207

Wednesday 17:00 – 18:00 Australian School Business 219

As tutorial discussions form an integral part of this course, attendance at tutorials is compulsory. Attendance also implies that you will be fully prepared to enter into any discussion and answer any question raised, so students are advised to prepare answers in advance. It is imperative that you attend the group to which you are allocated.

### **2.2 Units of Credit**

The course is worth 6 units of credit.

There is no parallel teaching in this course.

### **2.3 Summary of Course**

This course provides an introduction to the analysis of political economy at an advanced level

### **2.4 Aims and Relationship to Other Courses**

This course examines various political economy approaches to the analysis of economics, mainly associated with Marxian, Post Keynesian and Institutional Schools of thought. These may be regarded as the main alternatives to neoclassical economic theory. As they do not represent a unified body of thought, the course will survey the main contributions, focusing especially on the positive aspects of theory with some regard to the critique of neo-classical theory. In this way the course may be seen as providing critiques and alternatives to other courses.

### **2.5 Student Learning Outcomes**

On completion of this course, students should be able to:

1. Compare and contrast alternative methods of economic analysis.
2. Demonstrate a critical understanding of the more orthodox approaches.
3. Describe and analyse the role of the financial sector in influencing macroeconomic development.
4. Apply the analysis of labour markets to contemporary events in the Australian economy.
5. Describe and analyse the current global financial crisis

Course Learning Outcomes	ASB Graduate Attributes
All	1. Critical thinking and problem solving
All	2. Communication
4, 5	3. Teamwork and leadership
1, 4,5	4. Social, ethical and global perspectives
All	5. In-depth engagement with relevant disciplinary knowledge
All	6. Professional skills

### 3 LEARNING AND TEACHING ACTIVITIES

#### 3.1 Approach to Learning and Teaching in the Course

The philosophy underpinning this course and its Teaching and Learning Strategies are based on “Guidelines on Learning that Inform Teaching at UNSW. These guidelines may be viewed at: [www.guidelinesonlearning.unsw.edu.au](http://www.guidelinesonlearning.unsw.edu.au). Specifically, the lectures, tutorials and assessment have been designed to appropriately challenge students and support the achievement of the desired learning outcomes. A climate of inquiry and dialogue is encouraged between students and teachers and among students (in and out of class). The lecturers and tutors aim to provide meaningful and timely feedback to students to improve learning outcome.

#### 3.2 Learning Activities and Teaching Strategies

The examinable content of the course is defined by the references given in the Lecture Schedule, the content of Lectures, and the content of the Tutorial Program.

##### *Lectures*

The purpose of Lectures is to provide a logical structure for the topics that make up the course; to emphasize the important concepts and methods of each topic, and to provide relevant examples to which the concepts and methods are applied.

##### *Tutorials*

The purpose of tutorial meetings is primarily to provide an opportunity for small group discussion of issues to which economic concepts and methods can be applied and to provide

opportunities for students to develop their presentation skills. A Tutorial Program is provided below for tutorial meetings.

*An “ideal” strategy (on which the provision of the course materials is based) may include:*

\*Reading of the recommended sources and accessing the lecture overheads from the course website **before the lecture**.

This will give you a general idea of the topic area.

\*Attendance at lecture.

Here the context of the topic in the course and the important elements of the topic are identified. The relevance of the topic should be explained.

\* Attending Tutorials

Tutorials reinforce the contents of the lecture by applying the general principles to different issues, as well as reinforcing critical thinking and presentations skills.

## 4 ASSESSMENT

### 4.1 Formal Requirements

In order to pass this course, you must:

- achieve a composite mark of at least 50 out of 100; and
- make a satisfactory attempt at ALL assessment tasks (see below).

### 4.2 Assessment Details

Assessment Task	Weighting	Learning Outcomes assessed	ASB Grad Attributes assessed	Length	Due Date
Journals	30%	All	1, 2, 4, 5,6	2 pages	Weekly
Tutorial Presentation	15%	All	1, 2, 3,4,5,6	20 minutes	
Tutorial Participation	5%	All	1, 6		On-going
Final Exam	50%	All	1,2, 5,6	2 hours	University Exam Period
	100%				

### 4.3 Tutorial and Lecture Participation

<b>Marks Guide for Tutorial Participation</b>
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0	Below 80% of attendance as required by UNSW and ASB rules. Attendance at 9 of 12 tutorials will be deemed as meeting the requirement. Students must sign on by 20 minutes from start of tutorial to qualify as 'in attendance'. Signing on for another student will be treated as misconduct.
2	Has satisfied the attendance requirement but has not contributed to class discussion.
3-5	Has satisfied the attendance requirement and contributed to class discussion in relevant and constructive ways.

#### 4.4 Tutorial Presentation

Each student will be allocated a tutorial topic at the first tutorial, taken from the 'Tutorial Presentation Questions' listed in the tutorial program. This will form the basis of a tutorial presentation in which the allocated students will lead class discussion. The class presentation should not exceed 30 minutes, allowing time for general class discussion. In cases where the tutorial presentation involves a group of students, each student will be awarded the same mark. Further guidelines regarding tutorial presentations will be discussed during the first tutorial.

#### 4.5 Weekly Journals

Students will be required to keep a record of their tutorial preparations for the '**Discussion Question**' set each week, in the form of an **on-line tutorial journal**. This is not a diary; rather we are asking you to keep a record of your learning throughout the course by thinking about and answering questions on your tutorial material. The hallmark of a journal is that there are multiple entries made over a period of time. In your case, it is to be done weekly, and is due *by 17:00 on the Tuesday in which the tutorial question is listed for discussion*. When you post a journal entry online, the exact time you submitted it will be recorded. Unless an extension has been granted by the lecturer, a zero mark will be recorded for late entries.

Students involved in the tutorial presentation are not required to make an online journal entry during that week.

*What do I need to include?*

Answer to the discussion question

*When is the online journal entry due?*

The journal entry must be registered online by no later than by 17.00 on the Sunday in which the tutorial question is listed for discussion. In cases where the journal entry has been completed and you are unable to enter the entry online, you may email it directly to the tutor Roni Demirbag [roni.demirbag@usyd.edu.au]

*How much should I aim to write?*

A maximum of 2 typewritten pages.

#### *What makes for a good answer?*

- Try to apply the concepts, theories and frameworks you have learnt in the lecture and the readings to help you develop an answer (i.e. don't just guess or use commonsense);
- Show that you understand the key concepts that you are using (DON'T use a term you don't know the meaning of – look it up first!)
- Make sure you answer the question being asked: a relevant answer is important;
- Make your point of view clear (i.e. the reader needs to understand what it is you are arguing)
- Explain your point of view: don't make assertions without justifying and providing evidence for them;
- If you wish, use examples to help illustrate your point;
- Try to be comprehensive in your answer and think about the different dimensions relating to the question;
- However, quality not quantity: don't just try to fill up space for the sake of it and don't just write down everything you know;
- Yes, you may use point form – however, if you use bullet points, make sure you still explain each point;
- Keep in mind that usually in economics there is no single right answer;
- Try to express yourself clearly, although you will not be marked down for spelling errors and grammatical mistakes;
- In your answers to discussion questions, you should refer to the suggested readings, although you can use additional or alternative material (e.g. from lectures, library) to expand your argument.

Following these guidelines will help you develop your critical and analytical thinking. These are also the principles behind a good exam answer so the tutorial journal constitutes valuable exam preparation.

#### *How will I be assessed?*

You will be assessed on the basis of

- 1) whether you have submitted your journal entries on time (remember, Blackboard records the EXACT time you posted your journal entry); and
- 2) the quality of your entries.

Each online journal entry earns a maximum of three marks.

#### **4.6 Final Exam Format**

The purpose of the final exam is to assess knowledge of economic concepts and their appropriate use, to test the ability to use economic reasoning to make deductions. This will be held in the University examination period (November) and will be 2 hours long. The final exam will cover the entire course. The examination will require answers to three essay questions with some choice given.

Further information on the content of the Final Exam will be provided towards the end of session.

All material covered in the lectures and tutorial program is examinable.

## **5 ACADEMIC HONESTY AND PLAGIARISM**

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For UNSW's policies, penalties, and information to help you avoid plagiarism see: <http://www.lc.unsw.edu.au/plagiarism/index.html> as well as the guidelines in the online ELISE tutorial for all new UNSW students: <http://info.library.unsw.edu.au/skills/tutorials/InfoSkills/index.htm>.

## 6 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process is one of the ways in which student evaluative feedback is gathered. You are strongly encouraged to take part in the feedback process.

## 7 STUDENT RESPONSIBILITIES AND CONDUCT

Students are expected to be familiar with and adhere to university policies in relation to class attendance and general conduct and behaviour, including maintaining a safe, respectful environment; and to understand their obligations in relation to workload, assessment and keeping informed.

Information and policies on these topics can be found in the 'A-Z Student Guide': <https://my.unsw.edu.au/student/atoz/ABC.html>. See, especially, information on 'Attendance and Absence', 'Academic Misconduct', 'Assessment Information', 'Examinations', 'Special Consideration', 'Student Responsibilities', 'Workload' and policies such as 'Occupational Health and Safety'.

### 7.1 Workload

It is expected that you will spend at least **ten hours** per week studying this course. This time should be made up of reading, research, working on exercises and problems, and attending classes. In periods where you need to complete assignments or prepare for examinations, the workload may be greater.

Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

### 7.2 Attendance

Your regular and punctual attendance at lectures and seminars is expected in this course. University regulations indicate that if students attend less than eighty per cent of scheduled classes they may be refused final assessment.

### 7.3 Special Consideration and Supplementary Examinations

You must submit all assignments and attend all examinations scheduled for your course. You should seek assistance early if you suffer illness or misadventure which affects your course progress. For advice on UNSW policies and procedures for granting special consideration and supplementary exams, see:

'UNSW Policy and Process for Special Consideration':  
<https://my.unsw.edu.au/student/atoz/SpecialConsideration.html>

*Students should note the following*

1. Applications for special consideration (including supplementary examinations) must go through UNSW Central administration (within 3 working days of the assessment to which it refers) – applications will **not** be accepted by teaching staff;
2. Applying for special consideration does not automatically mean that you will be granted additional assessment or that you will be awarded an amended result;
3. If you are making an application for special consideration (through UNSW Central Administration) please notify your Lecturer in Charge;

Please note that a register of applications for Special Consideration is maintained. History of previous applications for Special Consideration is taken into account when considering each case.

### **ASB Policy and Process for Special Consideration and Supplementary Exams**

In the case of undergraduate students in the ASB, requests for special consideration are determined by a Faculty wide panel. If the Faculty panel grants a special consideration request, this may entitle the student to sit a supplementary examination. In such cases the following procedures will apply:

1. Supplementary exams will be scheduled centrally and will be held approximately two weeks after the formal examination period. The dates for ASB courses are:  
Monday 29 November - all exams in the school of Accounting  
Tuesday 30 November - all exams for all schools other than Accounting and Economics  
Wednesday 1 December - all exams in the school of Economics
2. Where a student is granted a supplementary examination as a result of a request for special consideration, the student's original exam (if completed) will not be marked and only the mark achieved in the supplementary examination will count towards the final grade.

The 'ASB Policy and Process for Special Consideration and Supplementary Exams in Undergraduate Courses' is available at:

<http://wwwdocs.fce.unsw.edu.au/fce/current/StudentSuppExamProcedure.pdf> .

Further information for undergraduate students is on the ASB website (see '[Policies and Guidelines for Current Students](#)').

## **8 Key Dates and Student Responsibilities**

*It is your responsibility to ensure that:*

1. You are recorded by the University as being correctly enrolled in all your courses.
2. You have successfully completed all prerequisite courses. Any work done in courses for which prerequisites have not been fulfilled will be disregarded (unless an exemption has been granted), and no credit given or grade awarded.
3. You abide by key dates:

**Monday 19 July** is the first day of Semester 2 lectures. **Sunday 26 July** is the last day you can enrol in Semester 2 courses.

**Sunday 2 August** is the due date for Semester 2 fees.

**Monday 31 August (Week 7)** is the last day for students to discontinue without financial penalty (and the last date to finalise arrangements for HECS-HELP and FEE-HELP).

**Sunday 6 September** is the last day to discontinue without academic penalty.

4. You organise your affairs to take account of examination and other assessment dates where these are known. Be aware that your final examination may fall at any time during the semester's examination period. The scheduling of examinations is controlled by the University administration. No early examinations are possible. The examination period for Semester 2, 2009, falls between **Friday 30 October** and **Tuesday 17 November**.
5. When the provisional examination timetable is released, ensure that you have no clashes or unreasonable difficulty in attending the scheduled examinations. The final examination timetable for Semester 2 is released in October (date TBA).
6. The **dates for supplementary exams** for ASB courses are:

**Monday 29 November** - all exams in the School of Accounting

**Tuesday 30 November** - all exams for all schools other than Accounting and Economics

**Wednesday 1 December** - all exams in the School of Economics.

It is your responsibility to ensure that you are available to take the exam on the scheduled date.

A full list of UNSW Key Dates is located at: <https://my.unsw.edu.au/student/resources/KeyDates2.html>

## 9 STUDENT RESOURCES AND SUPPORT

The University and the ASB provide a wide range of support services for students, including:

- **ASB Education Development Unit (EDU)** ([www.business.unsw.edu.au/edu](http://www.business.unsw.edu.au/edu))  
Academic writing, study skills and maths support specifically for ASB students. Services include workshops, online and printed resources, and individual consultations. EDU Office: Room GO7, Ground Floor, ASB Building (opposite Student Centre); Ph: 9385 5584; Email: [edu@unsw.edu.au](mailto:edu@unsw.edu.au)
- **Capturing the Student Voice:** An ASB website enabling students to comment on any aspect of their learning experience in the ASB. To find out more, go to [the Current Students/Resources/Student Feedback page here](#)
- **Blackboard eLearning Support:** For online help using Blackboard, follow the links from [www.elearning.unsw.edu.au](http://www.elearning.unsw.edu.au) to *UNSW Blackboard Support / Support for Students*. For technical support, email: [itservicecentre@unsw.edu.au](mailto:itservicecentre@unsw.edu.au); ph: 9385 1333
- **UNSW Learning Centre** ([www.lc.unsw.edu.au](http://www.lc.unsw.edu.au))  
Academic skills support services, including workshops and resources, for all UNSW students. See website for details.
- **Library training and search support services:**  
<http://info.library.unsw.edu.au/web/services/services.html>
- **UNSW IT Service Desk:** Technical support for problems logging in to websites, downloading documents etc. Library, Level 2; Ph: 9385 1333.  
Website: [www.its.unsw.edu.au/support/support\\_home.html](http://www.its.unsw.edu.au/support/support_home.html)
- **UNSW Counselling Service** (<http://www.counselling.unsw.edu.au>)  
Free, confidential service for problems of a personal or academic nature; and workshops on study issues such as 'Coping with Stress' and 'Procrastination'.  
Office: Level 2, Quadrangle East Wing; Ph: 9385 5418
- **Student Equity & Disabilities Unit** (<http://www.studentequity.unsw.edu.au>) Advice regarding equity and diversity issues, and support for students who have a disability or disadvantage that interferes with their learning. Office: Ground Floor, John Goodsell Building; Ph: 9385 4734

## 10 COURSE RESOURCES

The website for this course is on Blackboard.

Students are expected to:

- Make sure that they are officially enrolled in the correct course
- Familiarise themselves with Blackboard
- Access this site at least weekly as the site will contain important announcements about the course, as well as lecture notes and tutorial solutions. In addition, it will carry most of the subject information, as well as a discussion forum where students will be able to discuss course related materials, as well as trial exam questions. It will be assumed that all students have seen any notice posted on the course website.

There is no set textbook for this course, given the range of topics being covered. Instead, each week a number of suggested references will be listed as recommended reading for the lecture topic. Further guidance will be given during lectures. Where possible, key readings will be uploaded progressively during the session on MyCourse: [http://lrd.library.unsw.edu.au/F/?func=file&file\\_name=login&local\\_base=nsw30cat](http://lrd.library.unsw.edu.au/F/?func=file&file_name=login&local_base=nsw30cat)

Some useful general starting points are:

- Dow, S. (1996) *The Methodology of Macroeconomic Thought* Edward Elgar, Cheltenham. (Cited as **SD**)
- Holt, R. and Pressman, S. (eds.) (2001) *A New Guide to Post Keynesian Economics* Routledge, London (Cited as **HP**)
- King, J. (ed.) (2003) *The Elgar Companion to Post Keynesian Economics* Edward Elgar, Cheltenham. (Cited as **JK**)
- Mair, D. & Miller, A. (eds.) *A Modern Guide to Economic Thought* [Edward Elgar] (Cited as **MM**)
- O'Hara, P. (ed.) (1999) *Encyclopaedia of Political Economy* 2 Volumes Routledge, London

Detailed references are provided in the course outline for the semester, which follows, but students should also refer to recent issues of the following academic journals:

*Cambridge Journal of Economics; Journal of Economic Issues*  
*Journal of Post-Keynesian Economics; Review of Political Economy.*

In addition, the *Economics and Labour Relations Review* and *Journal of Australian Political Economy* often include articles that are related to topics and themes covered in this course which are relevant to the Australian economy

Useful readings on most topics can be found in *The New Palgrave: A Dictionary of Economics* (ed.), Eatwell J., Milgate M. & Newman P. (Macmillan, 1987), or the recently revised 2008 version.

In addition, students should access the [The Post-Autistic Economics Network](#) which has been set up by students dissatisfied with the teaching of conventional economics.

There are also many related websites which contain useful information. Two of particular interest are:

The Marxists.org website which has information on many of the major figures of Political Economy, as well as links to original sources: <http://marxists.org/>

The New School website which has information of different schools of thought, as well as a series of essays and surveys: <http://cepa.newschool.edu/het/>

## 11 LECTURE SCHEDULE and TUTORIAL TOPICS

Key to Readings:

**SD:** Dow, S. (1996) *The Methodology of Macroeconomic Thought*, Cheltenham: Edward Elgar.

**HP:** Holt, R. and Pressman, S. (eds.) (2001) *A New Guide to Post Keynesian Economics*, London: Routledge,

**JK:** King, J. (ed.) (2003) *The Elgar Companion to Post Keynesian Economics*, Cheltenham: Edward Elgar.

**MM:** Mair, D. & Miller, A. (eds.) *A Modern Guide to Economic Thought*, Cheltenham: Edward Elgar.

Readings marked with \* available on Blackboard (uploaded progressively during the session, copyright laws permitting).

[http://lrd.library.unsw.edu.au/F/?func=file&file\\_name=login&local\\_base=nsw30cat](http://lrd.library.unsw.edu.au/F/?func=file&file_name=login&local_base=nsw30cat)

## **Week 1 – 21 July: Introduction: What Is This Thing Called “Political Economy”?-**

SD Chapter 4

\*Cross, R. and Strachan, D. (2001) ‘Three pillars of conventional wisdom’, *Review of Political Economy*, 13 (2), 81-200.

\*O’Hara, P. (1999) ‘Political economy: major contemporary themes’, in O’Hara (ed.) *Encyclopaedia of Political Economy Vol. 2*, London: Routledge, pp. 861-867.

\*Sweezy, P. (1972) ‘Towards a critique of economics’, in Sweezy, P. *Modern Capitalism and Other Essays*, New York: Monthly Review Press, pp. 53-63.

Documentation of student complaints about the way economics has been taught in France and Cambridge and Harvard University’s: [http://www.btinternet.com/%7Epae\\_news/texts/a-e-petition.htm](http://www.btinternet.com/%7Epae_news/texts/a-e-petition.htm), [Cambridge UK http://www.btinternet.com/%7Epae\\_news/Camproposal.htm](http://www.btinternet.com/%7Epae_news/Camproposal.htm), and [Harvard http://www.btinternet.com/%7Epae\\_news/Harvard2.htm](http://www.btinternet.com/%7Epae_news/Harvard2.htm)

## **Week 2 – 28 July: Marxian Approaches to Economics**

SD pp. 81-83

Freedman, R. (ed.) (1962) *Marx on Economics*, Penguin (contains selections from Marx’s original writings).

Kalecki, M. (1984) "The Marxian equations of reproduction and modern economics", in Foster, John Bellamy and Henry Szaifer (eds.) *The Faltering Economy*. Monthly Review Press: New York, pp. 157-167

\*Lucarelli, B. (2004) ‘Accumulation and crisis: Marxian controversies’, chapter 1 in Lucarelli, B. *Monopoly Capitalism in Crisis*, London: Palgrave Macmillan, 2004, pp. 13-31.

\*Sweezy, P. (1981) ‘The contradictions of capitalism’, chapter 2 in Sweezy, P. *Four Lectures on Marxism*, New York: Monthly Review Press 1981, pp. 26-45.

See also: <http://marxists.org/>

## **Week 3 – 4 August: The Keynesian Legacy**

Davidson, P. 'Keynes's *General Theory*' in **JK**

**SD** pp. 61-66

Harcourt, G. C. (2004) 'The economics of Keynes and its theoretical and political importance: Or, what would Marx and Keynes have made of the happenings of the past 30 years and more?' *Post-Autistic Economics Review* Issue no. 27, 9 September 2004 at <http://www.paecon.net/PAERReview/issue27/Harcourt27.htm>

Keynes, J.M. (1936), *The General Theory of Employment, Interest and Money*, (Macmillan), Chpts 18 & 19. [available on line at: <http://www.marxists.org/reference/subject/economics/keynes/general-theory/> or [http://etext.library.adelaide.edu.au/k/keynes/john\\_maynard/k44g/](http://etext.library.adelaide.edu.au/k/keynes/john_maynard/k44g/) ]

\*Keynes, J.M. (1937), 'The General Theory of Employment', in *Quarterly Journal of Economics*. Vol. 51 (2), February 1937, pp. 209-223, reprinted in *Collected Writings*, Vol.XIV. [much, but not all of the article can be accessed at <http://www.eco.utexas.edu/facstaff/Cleaver/368keynesonkeynestable.pdf> or <http://www.eco.utexas.edu/facstaff/Cleaver/368keynesonkeynes.htm>

#### **Week 4 – 11 August: Kalecki's Contribution: Pricing, Distribution and Output**

Toporowski, J. 'Kaleckian economics' in **JK**

\*Kalecki, M. (1969), 'Money and real wages, part 1', in Kalecki, M., *Studies in the Theory of Business Cycles: 1933-1939*, Oxford: Oxford University Press, pp. 40-59.

Kalecki, M. (1971), *Selected Essays on the Dynamics of the Capitalist Economy* (1933-70), (C.U.P.), Chpts 5-9, 14.

\*Kriesler, P. (1997) 'Keynes, Kalecki and *The General Theory*', in Harcourt, G. C. and Riach, P. (eds.) *A 'Second Edition' of Keynes's General Theory*, London: Routledge, pp. 300-322

\*Kriesler, P. & McFarlane B. (1993) 'Michal Kalecki on capitalism', in *Cambridge Journal of Economics*, Vol. 17 (2), pp. 215-243.

\*Targetti, F. & Kinda-Hass, B. (1982) 'Kalecki's Review of Keynes' General Theory', in *Australian Economic Papers*, 21, 244-260.

#### **Week 5 – 18 August: Critique of Mainstream Economics: Method and Methodology**

**SD** Chpts. 2, 3, 6.

Dow, S. 'Babylonian Thought' and Kriesler, P. "Traverse" in **JK**

Dow, S. 'Post Keynesian Methodology' in **HP** Chapter 2

\*Dow, S. (1990) 'Beyond dualism', in *Cambridge Journal of Economics*, 14, pp. 143-157.

Kaldor, N. (1972) 'The irrelevance of equilibrium economics', *The Economic Journal*, 82 (4), 1237-1255.

Kriesler, P. (1999) "Harcourt, Hicks and Lowe; incompatible bedfellows?" in Sardoni, C. & Kriesler, P. (eds.) *Themes in Political Economy: Essays in Honour of Geoff Harcourt*, Routledge.

\*Robinson, J. (1973), 'A lecture delivered at Oxford by a Cambridge economist', in Robinson, J. (ed.), *Collected Economic Papers Vol. IV*, Oxford: Basil Blackwell, reading 27, pp. 254-263.

\*Setterfield, M. (1995) 'Historical time and economic theory', *Review of Political Economy*, 7 (1), 1-27.

Torrance, T, 'The philosophy and methodology of economics', in **MM**, Chpt 2

## **Week 6 – 25 August: Institutional and Evolutionary Economics**

[Lecturer: Geoffrey Fishburn]

Fagerberg, J. (2003), 'Schumpeter and the Revival of Evolutionary Economics: An Appraisal of the Literature', in *Journal of Evolutionary Economics*, 13, 125-159.

Hart, N. (2003), 'Marshall's Dilemma: Equilibrium versus Evolution', *Journal of Economic Issues*, 38 (4), 1139-1160.

\*Laurent, J. and Nightingale, J. (eds.) (2001), *Darwinism and Evolutionary Economics*, Cheltenham: Edward Elgar, Preface & Chapter 1.

\*Parto, Saeed (2005), Economic Activity and Institutions: Taking Stock. *Journal of Economic Issues*, XXXIX (1), 21-51

\*Veblen, T. (1898), 'Why is economics not an Evolutionary Science?', *Quarterly Journal of Economics*, 12, 373-397.

## **Week 7 – 1 September: Post Keynesian Economics**

[Guest Lecturer: Geoffrey Harcourt]

Dow, S., The Post-Keynesian School, **MM**, Chpt. 7.

**SD** pp. 76-81

Dow, S. Chapter 2 in **HP**

\*Arestis, P. (1996) 'Post-Keynesian economics: towards coherence', in *Cambridge Journal of Economics*, 20, 111-135.

\*Harcourt, G.C. (2001), 'Post-Keynesianism thought', in Harcourt, G.C., *50 Years a Keynesian and Other Essays*, Palgrave, pp. 263-285.

Harcourt, G.C. (2006), *The Structure of Post-Keynesian Economics*, Cambridge University Press.

King, J.E. (2002), *A History of Post Keynesian Economics Since 1936*, Edward Elgar.

\*Lavoie, M. (2009), *Introduction to Post-Keynesian Economics*, Palgrave Macmillan (especially chapter 1).

## **MIDSESSION BREAK WEEK BEGINNING 6 SEPTEMBER**

## **Week 8 – 15 September: Alternative Theories of Pricing**

Lee, F. 'Pricing and prices' and Shapiro, N. 'Competition' in **JK**

\*Capoglu, G. (1991) 'A critical review of the Post-Keynesian theory on pricing and investment behavior', in Capoglu, G. *Prices, Profits and Financial Structures*, Edward Elgar, 1991, chapter 2, pp. 10-28.

Downward, P. (2000). 'A realist appraisal of Post Keynesian pricing theory', *Cambridge Journal of Economics*, 24 (2), 211-224.

Eichner, A.S. (1973) 'A Theory of the Determination of the Mark-up Under Oligopoly', *Economic Journal*, 83, 1184-1200.

Hall, R.L. and Hitch, C.J. (1939) 'Price Theory and Business Behaviour', *Oxford Economic Papers*, 2, 12-33.

\*Lavoie, M. 'Pricing' in Holt, R. and Pressman, S. (eds.) (2001), *A New Guide to Post Keynesian Economics*, London: Routledge, chapter 3, pp. 21-31.

\*Shapiro, N. and Sawyer, M. (2003), 'Post Keynesian Price Theory', *Journal of Post Keynesian Economics*, 25 (3), 355-366.

## **Week 9 – 22 September: The 'Labour Market' and Labour Processes**

King, J. 'Labour and unemployment' **HP** chapter 7

Seccareccia, M. 'Wages and the labour market' in **JK**

Marglin, S. (1974) 'What do bosses do?' in *Review of Radical Political Economy*, 6 (2), 60-112.

Mitchell, W.F. and Mosler, W. (2002), 'Fiscal Policy and the Job Guarantee', *Australian Journal of Labour Economics*, 5 (2), 243-259.

OECD (2006) *Employment Outlook 2006*. A useful summary can be found in 'Policy Lessons from Reassessing the OECD Job Strategy' which can be downloaded from:

[http://www.oecd.org/document/56/0,2340,en\\_2649\\_201185\\_36998072\\_1\\_1\\_1\\_1,00.html#how](http://www.oecd.org/document/56/0,2340,en_2649_201185_36998072_1_1_1_1,00.html#how)

\*Seccareccia, M. (1991) 'An Alternative to Labour-Market Orthodoxy: The Post-Keynesian/Institutionalist Policy View', in *Review of Political Economy*. Vol. 3 (1), pp. 43-61.

\*Thompson, P. (1989) *The Nature of Work* (2nd edition), Macmillan, chapter 4, pp. 89-121.

Series of articles on industrial relations policies in Australia in the *Economics and Labour Relations Review*, Vol. 16 No.2 2006

[http://www2.orgmanagement.unsw.edu.au/nps/servlet/portalservice?](http://www2.orgmanagement.unsw.edu.au/nps/servlet/portalservice?GI_ID=System.LoggedOutInheritableArea&maxWnd=_ELRR_Vol16No2May2006)

[GI\\_ID=System.LoggedOutInheritableArea&maxWnd=\\_ELRR\\_Vol16No2May2006](http://www2.orgmanagement.unsw.edu.au/nps/servlet/portalservice?GI_ID=System.LoggedOutInheritableArea&maxWnd=_ELRR_Vol16No2May2006)

and also the *Economics and Labour Relations Review*, Vol 18 No. 2, 2008 Beyond WorkChoices: Remaking Industrial Relations'

## **Week 10 – 29 September: Money and Finance**

Rouchon, L. in **JK**

Wray, R. 'Money and Inflation' **HP** chapter 8

Hewiston, G. 'Banking', de Carvalho, F. 'Central banks', Moore, B. 'Endogenous money' and Wray, R. 'Money', Rouchon, L. 'Financial Instability Hypothesis' in **JK**

Arestis, P (2001) 'Recent banking and financial crises: Minsky versus the financial liberalizationists', in Bellofiore, R. & Ferri, P. (eds.) *Financial Keynesianism and Market Instability: The Economic Legacy of Hyman Minsky Vol. 1*, Cheltenham: Edward Elgar, pp. 159-178.

\*King, J. (2002) 'Money and the monetarists', in King, J., *A History of Post Keynesian Economics Since 1936*, Cheltenham: Edward Elgar, chapter 8, pp. 161-180.

\*Lavoie, M. (2003) 'A primer on endogenous credit-money', in Rochon, L. and Rossi, S. (eds.) *Modern Theories of Money* Edward Elgar, Cheltenham, chapter 21, pp. 506-543.

Minsky, H. (1985) 'The Financial Instability Hypothesis: A Restatement', in Arestis, P. and T. Skouras (eds.) *Post-Keynesian Economic Theory*, Wheatsheaf, pp. 24-56.

## **Week 11 – 6 October: The Political Economy of Macroeconomic Policy**

Pressman, S. "The role of the state and the state budget" **HP** chapter 10

**SD** Chapter 9 "Methodology and Macroeconomic Policy"

Lopez G, J. "Budget deficits", Sawyer, M. "Economic policy", Nevile, J. "Fiscal policy" and Howells, P. "Monetary policy" in **JK**

Galbraith, J. (2008) "The collapse of monetarism and the irrelevance of the new monetary consensus" The Levy Economics Institute of Bard College, Public Policy Note No. 1, [http://www.levy.org/pubs/pn\\_08\\_1.pdf](http://www.levy.org/pubs/pn_08_1.pdf)

Galbraith, J. (2008) "The fiscal facts: public and private debts and the future of the American economy" The Levy Economics Institute of Bard College, Public Policy Note No. 2 [http://www.levy.org/pubs/pn\\_2\\_06.pdf](http://www.levy.org/pubs/pn_2_06.pdf)

Hart, N. (2005) "The role and effectiveness of fiscal policy", *Economic and Labour Relations Review*, 16 (1),17-41.

\*Hart, N. (2009) 'Discretionary Fiscal Policy and Budget Deficits: An 'Orthodox' Critique of Current Policy Debate', *Economic and Labour Relations Review*, 19 (2), 43-62.

\*Kalecki, M. (1943), 'Political Aspects of Full Employment', *Political Quarterly* Vol 14, 322-331, reprinted in E.K.Hunt & J.Schwartz, J. (eds.) (1972), *A Critique of Economic Theory*, Penguin, 420-430.

\*Kriesler, P. and Lavoie, M. (2005) "A Critique of the New Consensus View of Monetary Policy" *Economic and Labour Relations Review*, 16 (1), 7-15. (a more technical version of this paper is "The New View On Monetary Policy: The New Consensus And Its Post-Keynesian Critique. *Review of Political Economy* July 2007, 19 (3), 387-404)

Sawyer, M., (1995), 'Obstacles to full employment in capitalist economies', in P.Arestis and M.Marshall (eds.), *The Political Economy of Full Employment*, Edward Elgar.

## **Week 12 – 13 October: The Political Economy of the Global Economic Crisis**

Foster, J.B. and Magdoff, F. (2009) *The Great Financial Crisis: Causes and Consequences* Monthly Review Press

Fullbrook, E. (2009) (ed.) "Why it happened and what to do about it" <http://www.paecon.net/CRASH-1.pdf>

Kregel, J. (2009) 'It's That "Vision" Thing: Why the Bailouts Aren't Working, and Why a New Financial System Is Needed' The Levy Economics Institute of Bard College, Public Policy Brief No. 100, 2009, [http://www.levy.org/pubs/ppb\\_100.pdf](http://www.levy.org/pubs/ppb_100.pdf)

Krugman, P. (2009) 'How did economists get it so wrong?', [http://www.com/2009/09/06/magazine/06Enytimeseconomic-t.html?\\_r=1&em](http://www.com/2009/09/06/magazine/06Enytimeseconomic-t.html?_r=1&em).

Lim, M. (2008) "Old Wine in a New Bottle: Subprime Mortgage Crisis—Causes and Consequences" The Levy Economics Institute of Bard College Working Paper No. 532 [http://www.levy.org/pubs/wp\\_532.pdf](http://www.levy.org/pubs/wp_532.pdf)

Symposium on the Global Financial Crisis, *Economics and Labour Relations Review* (2009) Vol. 19 No 2, (will be available via webvista)

"Special Issue: The Global Financial Crisis" *Cambridge Journal of Economics*, (2009) Vol. 33 No. 4

Palley, T. (2009) "After the Bust The Outlook for Macroeconomics and Macroeconomic Policy" The Levy Economics Institute of Bard College, Public Policy Brief No. 97, 2009, [http://www.levy.org/pubs/ppb\\_97.pdf](http://www.levy.org/pubs/ppb_97.pdf)

## **Week 13 - October 20: Revision**

### **12 TUTORIAL SCHEDULE**

Tutorials in this course will consist of critical discussions of the question set each week. The recommended readings for the relevant lecture should be regarded as the starting point for research into the questions. In order to prepare for these sessions, students will be required to keep a record of their tutorial preparations for these tutorials in the form of an on-line tutorial journal, as well as being asked to lead the discussion of one tutorial.

**The *journal entries* will cover the 'Discussion Question' set each week.**

**The *tutorial presentation* by the allocated students will cover the 'Tutorial Presentation Question'**

***Note: Students are not required to submit the online journal entry during the week in which they are involved in the tutorial presentation***

## **Week 2 – 28 July: INTRODUCTION AND ALLOCATION OF TOPICS**

**Discussion Question** (this is a 'practice submission').

Briefly outline your views on 'orthodox economics' based on perceptions taken from previous courses in economics and/or as revealed in economic policy and commentary.

## **Week 3 – 4 August: MARXIAN ECONOMICS**

**Discussion Question**

Outline the major sources of capitalist crises from a Marxian perspective.

**Tutorial Presentation Question**

'But capitalism has greatly changed and expanded in the last hundred years, and its analysis requires that the theory expounded by Marx should be supplemented and to some extent modified to take account of these developments...' [Sweezy, P. (1981) 'The contradictions of capitalism' in his *Four Lectures on Marxism*, Monthly Review Press, p.26]

Discuss this argument and evaluate the usefulness of Marxian analysis in analysing modern capitalist economies.

## **Week 4 – 11 August: THE KEYNESIAN LEGACY**

### **Discussion Question**

Outline the central elements of Keynes' principle of effective demand and discuss the role played by uncertainty in Keynes' analysis.

### **Tutorial Presentation Question**

'So here's what I think economists have to do..... they have to admit — and this will be very hard for the people who giggled and whispered over Keynes — that Keynesian economics remains the best framework we have for making sense of recessions and depressions. [Paul Krugman, 2007 Nobel Laureate, New York Times 2/9/09, [http://www..com/2009/09/06/magazine/06Enytimeseconomic-t.html?\\_r=1&em](http://www..com/2009/09/06/magazine/06Enytimeseconomic-t.html?_r=1&em).

Discuss this view and clarify what is meant by 'Keynesian economics'.

## **Week 5 – 18 August: KALECKI'S CONTRIBUTION**

### **Discussion Question**

Contrast the treatment of the money supply, income distribution and uncertainty in Keynes' *General Theory* from that found in Kalecki's contributions.

### **Tutorial Presentation Question**

'Kalecki had one great advantage over Keynes – he had never learned orthodox economics' [Joan Robinson (1964), 'Kalecki and Keynes', in Robinson, J. (1978) *Contributions to Modern Economics*, Basil Blackwell, p.56].

Discuss Robinson's view and outline the main similarities and differences between the theories of effective demand developed by Keynes and Kalecki. How does the 'political interpretation' of the two theories differ?

## **Week 6 – 25 August: CRITIQUE OF MAINSTREAM ECONOMICS: METHOD AND METHODOLOGY**

### **Discussion Question**

Outline the limitations of equilibrium analysis in economics. Note briefly the significance of 'historical time' and the 'traverse' in your discussion.

### **Tutorial Presentation Question**

'It is a commonplace argument among many economists (both rationalist and relativist) that methodology should be left to philosophers. The argument presented here suggests rather that it is important to recognise the constructive role that methodology can play at both the

philosophical and practical levels' [Sheila Dow (1990), 'Beyond Dualism', *Cambridge Journal of Economics*, 14, 143-157, p.155].

Discuss the merits of this argument, and consider the extent to which the 'Babylonian mode of thought' and 'critical realism' offer an alternative methodological foundation for political economy.

## **Week 7 –1 September: INSTITUTIONAL AND EVOLUTIONARY ECONOMICS**

### **Discussion Question**

Explain and illustrate the concepts, taken from evolutionary biology and now used in evolutionary economics, of 'path dependency', 'locking-in', and 'exaptation'.

### **Tutorial Presentation Question**

Consider the present era (the 'digital revolution') as illustrating Schumpeter's 'wave of creative destruction'. Has this been (and continues to be) similar in scope and effects to the era described by Marx and Engels?

## **Week 8 – 15 September: POST KEYNESIAN ECONOMICS**

### **Discussion Question**

'Post- Keynesianism is an extremely broad church' [G.C. Harcourt (2006), *The Structure of Post-Keynesian Economics* Cambridge University Press, p.2]

Discuss this statement and outline the central elements of Post Keynesian economics.

### **Tutorial Presentation Question**

Discuss the following statement:

"In fact Post Keynesianism emerged as a distinct school of thought, in the 1960s, precisely as a reaction against these perversions of Keynes' original vision' [J.King (ed.) (2003) *The Elgar Companion to Post Keynesian Economics*, Edward Elgar, p.xiv].

## **Week 9 – 22 September: ALTERNATIVE THEORIES OF PRICING**

### **Discussion Question**

Explain why Post Keynesian economists generally reject the assumption of short-run profit maximisation as the basis of pricing theory. Explain how mark-up pricing theories relate to the survival and growth of business enterprises through time.

### **Tutorial Presentation Question**

'Prices reflect the interests of firms rather than the conditions of their industries or markets. They are strategically determined rather than cost-determined, and it is that strategic determination of prices, and the conception of the firm that underlies it, that gives the Post Keynesian theory its realism and significance' [N.Shapiro and M.Sawyer (2003) 'Post Keynesian Price Theory', *Journal of Post Keynesian Economics*, 25 (3), 355-364, p.302].

Explain and evaluate this conclusion.

## **Week 10 – 29 September: THE ‘LABOUR MARKET’ AND LABOUR PROCESSES**

### **Discussion Question**

Explain why political economists reject the ‘neoclassical’ notion of labour markets

### **Tutorial presentation Question**

Discuss the relative merits of a ‘Job Guarantee’ or ‘Employer of Last Resort’ scheme, as advocated, for example, by the Centre of Full Employment and Equity, University of Newcastle.

[A useful outline of such a scheme can be found in Working Paper No. 06-15

‘The Job Guarantee in practice’, Centre of Full Employment and Equity, University of Newcastle, downloadable from

[http://e1.newcastle.edu.au/coffee/search/CofFEESearchEngine\\_VSearchResult.cfm](http://e1.newcastle.edu.au/coffee/search/CofFEESearchEngine_VSearchResult.cfm) ].

## **Week 11 – 6 October: MONEY AND FINANCE**

### **Discussion Question**

Explain what is meant by ‘endogenous money’. How can the existence of credit rationing be reconciled with a demand determined money supply?

### **Tutorial Presentation Question**

Discuss the following evaluations of Minsky’s financial instability hypothesis, quoted from Louis-Philippe Rochon (2003), ‘Financial Instability Hypothesis’, in J.King (ed.) *The Elgar Companion to Post Keynesian Economics*, Edward Elgar.

‘Minsky’s work on financial instability carries important policy implications in the Keynesian tradition [p.147].

‘Minsky’s financial instability hypothesis has raised some concern among Post Keynesians. Key to this criticism is the fact that Minsky’s analysis of financial fragility is essentially based on the microeconomic behaviour of the bank and the firm and is devoid of macroeconomic significance’ [p.148].

## **Week 12 – 13 October: POLITICAL ECONOMY OF ECONOMIC POLICY**

### **Discussion Question**

‘Much of the Post Keynesian writing on fiscal policy is designed to counter neoclassical arguments against budget deficits’ [John Nevile (2003) ‘Fiscal Policy’, in J.King (ed.) *The Elgar Companion to Post Keynesian Economics*, Edward Elgar, p.149].

Discuss.

### **Tutorial Presentation Question**

‘A solid majority of economists is now of the opinion that, even in a capitalist system, full employment may be secured by a government spending programme, provided there is in existence adequate plant to employ all existing labour power and provided adequate supplies of necessary foreign raw materials may be obtained in exchange for exports’ [Kalecki, M. (1943),

'Political Aspects of Full Employment', *Political Quarterly*, Vol 14, 322-331, reprinted in E.K.Hunt & J.Schwartz, J. (eds.) (1972), *A Critique of Economic Theory*, Penguin, 420-430, p.420).

Evaluate this conclusion in terms of modern capitalist economies, together with Kalecki's views on why full employment generating policies are unlikely to be pursued persistently in such economies.

## **Weeks 13 – 20 October: THE GLOBAL FINANCIAL CRISIS**

### **Discussion Question**

What were the main causes of the Global Financial Crisis? What factors are likely to hinder a 'recovery' from the crisis?

### **Tutorial Presentation Question**

"Few economists saw our current crisis coming, but this predictive failure was the least of the field's problems. More important was the profession's blindness to the very possibility of catastrophic failures in a market economy" [Paul Krugman, 2007 Nobel Laureate, New York Times 2/9/09, [http://www..com/2009/09/06/magazine/06Enytimeseconomic-t.html?\\_r=1&em](http://www..com/2009/09/06/magazine/06Enytimeseconomic-t.html?_r=1&em) ]

Discuss and evaluate Krugman's conclusion.