ECON-711
Macro Political Economy

American University          Prof. Robert A. Blecker
Department of Economics            Office: Kreeger 104
Fall 2010                          Phone: 202-885-3767
Time: Thurs. 8:10-10:40 p.m.        E-mail: blecker@american.edu
Room: Watkins G02                      Office Hours: M 2-4 pm, Th 3-5 pm

Syllabus

This course will cover alternative theories of long-run economic growth, technological change, and income distribution, including classical-Marxian, neo-Keynesian, and neoclassical models, as well as short-run macro models in the structuralist, neo-Kaleckian, and post-Keynesian traditions. This is an advanced doctoral theory course, which is required for the advanced macroeconomics or advanced heterodox economics tracks in the Ph.D. program (and the corresponding comprehensive exams). It may also be taken as the “extra” theory course for students in the advanced microeconomics track. The prerequisites are ECON-702 and 705, which may be waived only by permission of the professor.

Class Website

The class website is on Blackboard (http://blackboard.american.edu). It will contain this syllabus (and any updates) plus announcements, assignments, and other useful information (e.g., links to required readings and related websites). The website will also be used for sending e-mail messages to class participants; I will use this feature extensively for making announcements. By default, Blackboard sends e-mail to your @student.american.edu address; you can change your e-mail address under your personal settings in Blackboard, or use my.american.edu to have your AU e-mail forwarded to another address. It is your responsibility to configure and check your e-mail so that you receive messages about this course in a timely fashion.

Books and References

The following books have been ordered at the Campus Store (ISBN numbers are provided for those of you ordering them elsewhere to make sure you get the right books):


These three and the following other books will be placed on reserve at the library:


*Indicates on order, may arrive late.

**Work Assignments**

- Take-home Midterm Exam (due date TBA; mid-late October); 30% of grade
- One critical review of an empirical article (due in late November); 20% of grade
- In-class Final Exam, **Thursday, December 9 (No exceptions)**; 40% of grade.
- Problem sets, graded for effort and completeness (10% of grade)

**Reading List**

*NOTE: Required readings are subject to change.*

Abbreviations for frequently cited journals:

- **BPEA** Brookings Papers on Economic Activity
- **CJE** Cambridge Journal of Economics
- **IRAE** International Review of Applied Economics
- **JPKE** Journal of Post Keynesian Economics
- **RRPE** Review of Radical Political Economics
Part I – Alternative Visions of Long-Run Growth


*Foley & Michl, *Growth and Distribution*, chaps. 1-7 (11-12 recommended).
Donald J. Harris, “Accumulation of Capital and the Rate of Profit in Marxian Theory,” *CJE*, vol. 7 (Sept. 1983), pp. 311-30.

2. Neo-Keynesian Models: Aggregate Demand Constraints in the Long Run

A. Closed economy models (investment constrained)


B. Open Economy Models (export-led growth and balance-of-payments constraints)

[Note: these are reprinted articles by A. P. Thirlwall, R. A. Blecker, and J. A. Alonso & C. Garcimartin; the originals are on-line (D)]
3. Neoclassical Growth Models: Technological Change and Growth Accounting

*Aghion & Howitt, Economics of Growth, chaps. TBA.
Erinc Yeldan, Economics of Growth and Distribution, 3-4, 6-7.  R
Foley & Michl, Growth and Distribution, chaps. 8-9, 13. [review of Solow, OLG]
*M. Setterfield, ed., Handbook, chap. 9 (Felipe & McCombie).  R

Part II – Short-Run Macro: Inflation, Distribution, and Financial Instability

1. Methodology, Perspectives, and Critiques

*Eckhard Hein, Money, Distribution Conflict, and Capital Accumulation, Part I (chaps. 1-7).
H. Minsky, Stabilizing an Unstable Economy, chaps. 1, 5-6.
2. Mark-up Pricing, Effective Demand, and Conflict Inflation

*R. Blecker, “Lecture Notes on Neo-Kaleckian Macro Models.” (class handout) D
*R. Blecker, “Demand, Distribution and Growth in Neo-Kaleckian Macro Models,” chap. 8
in M. Setterfield (ed.), The Economics of Demand-Led Growth. R
*R. Blecker, “Open Economy Models of Distribution and Growth,” in E. Hein & E. Stock-
hammer, eds., A Modern Guide to Keynesian Macroeconomics and Economic Policies,
forthcoming (May 2010 draft). D

Hyman Minsky, Stabilizing an Unstable Economy, chap. 7-8, 11. R
Lance Taylor, Reconstructing Macroeconomics, chaps. 4-5, 7. R
Marc Lavoie, Foundations of Post-Keynesian Economic Analysis, chap. 6-7. R
(March 1984), pp. 25-40.
pp. 383-403.
Peter Skott, “Effective Demand, Class Struggle and Cyclical Growth,” International
Stephen A. Marglin and Amit Bhaduri, “Profit Squeeze and Keynesian Theory,” chap. 4 in S.
Amit Bhaduri and Stephen A. Marglin, “Unemployment and the Real Wage: The Economic
Marc Lavoie, “Traverse, Hysteresis, and Normal Rates of Capacity Utilization in Kaleckian
R. Blecker, “Kaleckian Macro Models for Open Economies,” in J. Deprez & J. Harvey, eds.,
José Antonio Cordero, “A Model of Growth and Conflict Inflation for a Small Open
Philip Arestis & Malcolm Sawyer, “Aggregate Demand, Conflict and Capacity in the

3. Empirical Estimates of Neo-Kaleckian/Structuralist Macro Models

NOTE: Required readings are 2 of the first 3 and 2 of the next 3.
*E. Stockhammer, Ö. Onaran, & S. Ederer, “Functional income distribution and Aggregate
*E. Stockhammer, E. Hein, & L. Grafl, “Globalization and the Effects of Changes in the
Functional Income Distribution on Aggregate Demand in Germany,” IRAE, forthcoming. D
*E. Hein & L. Vogel, “Distribution and Growth Reconsidered: Empirical Results for Six
*William Milberg & Deborah Winkler, “Economic Insecurity in the New Wave of Globali-
3 (May 2010), pp. 285-308. E

Gerald Epstein and Herbert Gintis, eds., Macroeconomic Policy After the Conservative Era, chaps. 5 (Bowles and Boyer), and 12 (Gordon). R

4. Money, Interest Rates, and Financial Instability

*E. Hein, Money, Distribution Conflict, and Capital Accumulation, Parts II-III (chaps. 8-18).
*Setterfield, ed., Handbook, chaps. 13 (Hein & van Treeck), 14 (Palley). R

Lance Taylor, Reconstructing Macroeconomics, chaps. 1, 3, 6, 8-9. R

Hyman Minsky, Stabilizing an Unstable Economy, chaps. 2-4, 9-10, 12-13.


5. Critical Perspectives on the Phillips Curve (required readings TBA)


6. Investment, Saving, Consumption, and the Current Account (required readings TBA)

David M. Gordon, “Putting the Horse (Back) Before the Cart: Disentangling the Macro Relationship Between Investment and Saving,” chap. 3 in G. Epstein and H. Gintis, eds., *Macroeconomic Policy After the Conservative Era*. R OR