



ECON 705

Heterodox Approaches to Economics

Fall 2023

Class Hours: Tue & Thu 9:30-10:45 am in Clark C 307

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Office Hours: Tue/Thu 1-3 pm, or by [appt.](#)

Course Description

This course explores cutting-edge heterodox approaches to economic research from both microeconomic and macroeconomic perspectives. We will analyze topics critically and mathematically, taking a broad understanding of the term "heterodox". In some cases, ideas and models presented in this course may not be considered "heterodox" in terms of methodology, but their implications go beyond mainstream economics.

Several economists question the usefulness of distinguishing between "heterodox" as opposed to "orthodox" approaches altogether. The term "heterodox economics" is usually associated with "Political Economy". According to Nancy Folbre, political economy is "an approach that examines the impact of group identity and collective conflict on the organization of economic activity".¹ This definition recognizes: 1) that individuals are not isolated, but are embedded in collective processes, decision-making, and outcomes; 2) that (distributional, political, etc.) conflict is a central aspect of economics. Group identity, collective conflict, and the resulting *institutions* — property rights, class, power, laws, markets, firms, informal agreements, government— not only arise in a complex, evolving environment, but also play a role in shaping the complexity and evolution of such environment. A fundamental aspect of the interaction between individuals on the one hand, and between individuals and groups or institutions on the other, is that aggregate outcomes have consequences that are often *unintended* by individuals.

Throughout the course, we will study how early political economists' ideas, in contrast to neoclassical economists, can be formalized into mathematical models and applied to contemporary economic issues. The goal is to draw policy implications, considering the limitations of the proposed frameworks, to inform policymaking. Emphasizing analytical and modeling skills, we aim to enable students to contribute to the research fields covered in this course, both theoretically and empirically.

The course is divided into two parts, and each part will roughly take 8 weeks. In short, each part will focus on the following topics:

- The first part of the course will focus on contemporary microeconomic interpretations of ideas rooted in Classical Political Economy (Smith, Ricardo, Malthus, Marx...). Topics will

¹Folbre, Nancy, 2012. 'The Political Economy of Human Capital'. Review of Radical Political Economics, vol. 44 no. 3: pp. 281-292.

include: self- and other-regarding preferences, coordination failures, evolutionary game theory, capitalist institutions, information problems, and general equilibrium implications.

- The second part of the course will be centered around developing intuition and modeling techniques in order to study the linkages between economic growth and income distribution, both in developing and advanced economies. One focus of this part of the course will be on *class*—defined either in relation to the ownership (or the lack thereof) of capital assets or the productive role played by different types of individuals—and its implications for growth and the distribution of income and wealth. Topics will include: Classical theories of the long-run tendencies of capital accumulation, technological change, growth, and distribution; medium-run fluctuations and distributional conflict; Keynesian and Post-Keynesian theories of investment, income distribution, and growth; Growth and distribution in neo-Kaleckian models; The debate on stability and convergence; Extensions to the neo-Kaleckian model; Balance-of-payments-constrained growth models; Secular stagnation and the distribution of wealth.

The course will be somewhat heavy on math, but we will try to put equal weight on the quantitative part as well as on the interpretation of mathematical results.

Course Objectives

At the end of the course, successful students should be able to:

- Apply basic concepts of classical and evolutionary game theory to understand institutional design, coordination problems, public goods, and externalities.
- Develop tools in asymmetric information modeling in order to understand principal-agent problems with applications to labor markets and credit markets.
- Develop a working knowledge of models incorporating growth and distribution dynamics, alternative model "closures" and policy implications.
- Develop a graduate understanding of: technical change, the distribution of wealth, and the role of aggregate demand in economic growth and income distribution.
- Develop a concrete understanding of recent academic discussions and research agendas in the post-Keynesian tradition.

Texts

1. Bowles, Samuel 2006 (**B**). *Microeconomics*, Princeton. ISBN-13: 978-0691126388
2. Foley, D. K., Michl, T. R., Tavani, D. 2019 (**FMT**). *Growth and Distribution*, Second Edition, Harvard. ISBN-13: 978-0674986428.

B is **required** for the first half of the class (micro), while FMT is **required** for the second half (macro/growth). Some of the topics will be analyzed using recent research papers published in refereed journals. Notes and/or articles from topics not covered in the main texts will be distributed through Canvas.

Required Work

The table below lists the *minimal* expectations about weekly effort for the class. The final grade for the class will be a weighted average of: problem sets, a midterm exam, a final exam, and weekly online discussions.

Activity	Contact Hours/week
Attend class	2.5
Read assigned readings	1.5
Review class notes	1
Work on problem sets	3
Participate in online discussions	1.0
Study for exams	2.0
Total	11

- **Exams** (40% of the grade): There will be one midterm exam and a final exam that are both in class, closed book, and closed note. The midterm exam, concerning topics pertaining to the first part of the course, will take place Thursday, October 5th, 2023 (20% of the grade). The final exam, concerning topics pertaining to the second part of the class (20% of the grade), will take place Monday, December 11th, 2023, 9:40-11:40 am, according to the University Calendar. Alternative arrangements will be discussed with the whole class and communicated through Canvas.
- **Problem Sets** (50% of the grade): Eight problem sets will be posted on Canvas and due by the specified due date. The tentative due dates for the problem sets are below. Changes will be communicated through Canvas.

PSet 1: 9/7	PSet 2: 9/21	PSet 3: 9/28
PSet 4: 10/19	PSet 5: 11/2	PSet 6: 11/16
PSet 7: 11/30	PSet 8: 12/7	

- **Weekly Online Discussions** (10% of the grade): You are required to do the readings for the class in advance. We will announce readings for the following week, and you will post at least one articulated question pertaining to the readings on the discussion board on Canvas *before the Tuesday class each week* including the first week of class. It is also OK to sometimes provide an articulate answer to questions posed by other students instead of asking your own question. We will then use the questions and answers for discussion in class.
- **Class Participation/Discussion**: Students are expected to actively participate in each class. Class participation raises the level of the discussion, other than inspiring research ideas. I expect students to participate actively during lectures.

Grading Policy

Letter grades will be assigned on the plus/minus system. Please refer to the university website for details on how this translates to GPA. The structure of the system is described below:

A+	100.00%	to 96.67%	B-	< 83.33%	to 80%
A	< 96.67%	to 93.33%	C+	< 80.00%	to 76.67%
A-	< 93.33%	to 90%	C	< 76.67%	to 70%
B+	< 90.00%	to 86.67%	D	< 70.00%	to 60%
B	< 86.67%	to 83.33%	F	< 60.00%	to 0

Make up Policy

You must be able to provide written evidence of any medical or personal emergency which causes you to unexpectedly miss the midterm or the final exam as scheduled. In case no such evidence is provided, and you miss an exam, you will receive 0 points for it.

Alternative due dates for problem sets can be negotiated in advance with me, but they will apply to the whole class.

Course Expectations

- **General**

- My position on most things can be summed up easily: conduct yourself with respect and courtesy and I will be quite accommodating; disregard me or your fellow students and I will not be so helpful. This includes aggressive or condescending behavior toward others in class or recitation, rude and disrespectful comments in online discussions, and being late to appointments with me. I expect a full measure of professionalism during all interactions, virtual or in-person.
- Anyone can succeed in this course, it's a matter of working hard and getting help when needed. I am very happy to help in any way I can. Talk to me if things aren't going well, or get me to reexplain things that aren't clear. Please ask questions, even if they seem obvious or embarrassing—I will never evaluate you based on your questions, and I will not allow anyone in the class to belittle you.

- **Sensitive Topics and Inclusivity**

- We will sometimes deal with difficult and sensitive topics in this class. I want to inform you of some ground rules for ensuring these discussions are inclusive and productive. 1) All questions and comments are welcome, provided they are voiced with sincerity and an intent to learn. Genuine, respectful participation is a pathway to understanding and growth; I desire for all such voices to be heard. 2) Insincere, snarky, disrespectful, patronizing, or inflammatory questions and comments will not be tolerated. Such behavior undermines the learning environment and excludes valuable members of our community.

- Mindful disagreement is growth-inducing. One of my goals is to help you develop skills in constructive discussion. You will hear dissenting opinions. Some of these will make you uncomfortable; perhaps, in some cases, reactive. If you learn to channel this emotion into calm and thoughtful arguments for your point of view, the whole class benefits and you have grown because of the discomfort. If you lash out or belittle someone else, the learning opportunity is destroyed and everyone regresses. I will be moderating discussions in this course to ensure the latter is called out and corrected if it occurs. Pluralism is a beautiful thing and a staple of college campuses. Let's work together to make sure it flourishes.

Academic Integrity

This course adheres to the Academic Integrity Policy of the General Catalog and the Student Conduct Code. As per university policy, "Any student found responsible for having engaged in academic dishonesty will be subject to an academic penalty and/or University disciplinary action." (General Catalog 2014-2015, Section 1.6.). Any academic dishonesty in this course may result in a failing grade for the course and may be reported to the Office of Conflict Resolution and Student Conduct Services. Please beware that the General Catalog identifies the following examples of academic dishonesty: cheating in the classroom, plagiarism, unauthorized possession or disposition of academic materials, falsification, and facilitation of acts of academic dishonesty. Plagiarism is defined as: "Plagiarism includes the copying of language, structure, ideas, or thoughts of another, and representing them as one's own without proper acknowledgment. Examples include submission of purchased research papers as one's own work; paraphrasing and/or quoting material without properly documenting the source." (General Catalog 2014-2015, Section 1.6.).

Accommodation for Students with Disabilities

Reasonable requests for accommodation for disabilities will be entertained. However, students are responsible for requesting accommodations in a timely manner and must be recognized as eligible for the accommodation through the Student Disability Center (SDC). For more information visit <https://disabilitycenter.colostate.edu>.

Title IX Information

CSU's Discrimination, Harassment, Sexual Harassment, Sexual Misconduct, Domestic Violence, Dating Violence, Stalking, and Retaliation policy designates faculty and employees of the University as "Responsible Employees." This designation is consistent with federal law and guidance and requires faculty to report information regarding students who may have experienced any form of sexual harassment, sexual misconduct, relationship violence, stalking, or retaliation. This includes information shared with faculty in person, through electronic communications, or in class assignments. As "Responsible Employees," faculty may refer students to campus resources (see below), together with informing the Office of Support and Safety Assessment to

help ensure student safety and welfare. Information regarding sexual harassment, sexual misconduct, relationship violence, stalking, and retaliation is treated with the greatest degree of confidentiality possible while also ensuring student and campus safety.”

- Any student who may be the victim of sexual harassment, sexual misconduct, relationship violence, stalking, or retaliation is encouraged to report to CSU through one or more of the following resources:
 - Emergency Response 911
 - Deputy Title IX Coordinator/Office of Support and Safety Assessment (970) 491-1350.
 - Colorado State University Police Department (non-emergency) (970) 491-6425.
- For counseling support and assistance, please see the CSU Health Network, which includes a variety of counseling services that can be accessed at: <http://www.health.colostate.edu>. And, the Sexual Assault Victim Assistance Team is a confidential student resource that does not have a reporting requirement and that can be of great help to students who have experienced sexual assault. The web address is <http://www.wgac.colostate.edu/need-help-support>.

Recording

Students recording, reproducing, screenshotting, photographing, or distributing any video, audio, or visual content from this course is strictly prohibited without prior written approval from the instructor. Some students may require a reasonable accommodation under the Americans With Disabilities Act that would allow them to record, reproduce, screenshot, and photograph some course content, including video, audio, or other content. To accomplish this, a student should contact CSU’s Student Disability Center (SDC) at (970) 491-6385. Recordings of class materials and content for this purpose are to be used solely for individual or group study and may not be reproduced or shared in any way (including electronically or posted in any web environment).

COVID-19 Information

Important information for students. Masks might be required inside university buildings. You must also meet university vaccine or exemption requirements.

All students are expected and required to report to the COVID Reporter (<https://covid.colostate.edu/reporter/>) when:

- You suspect you have symptoms of COVID, regardless of whether or not you are vaccinated and even if your symptoms are mild
- You have tested positive for COVID through a non-CSU testing site, such as a home test or test at a pharmacy
- You believe you may have been exposed to COVID go to the COVID Reporter and follow the guidance under “I believe I have been in close contact with someone who has COVID-19.” This guidance will depend upon your individual circumstances

You will not be penalized in any way for reporting symptoms or concerns.

Do not ask me as your instructor to report for you. It is your responsibility to report through the COVID Reporter promptly.

As your instructor I may not ask you about vaccination status or if you have COVID but you may freely volunteer to send me information from a public health official—if you have been asked to isolate or quarantine.

When you complete the COVID Reporter, the CSU Public Health office is notified. Once notified, that office will contact you and, depending upon each situation, will conduct contact tracing, initiate any necessary public health requirements, and notify you if you need to take any steps. If you do not have internet access to fill out the online COVID-19 Reporter, please call (970) 491-4600.

For the latest information about the University's COVID resources and information, including FAQs about the spring semester, please visit the CSU COVID-19 site:

<https://covid.colostate.edu/>.

Copyright Statement

Please do not share material from this course online, in print, or in other media. Course material is the property of the instructor who developed the course. Materials authored by third parties and used in the course are also subject to copyright protection. Posting course materials on external sites (commercial or not) violates both copyright law and the CSU Student Conduct Code. Students who share course content without the instructor's express permission, including with online sites that post materials to sell to other students, could face disciplinary or legal action.

Topics

The following list of topics is tentative because many of the following topics will easily cover more than a week. Topics may be added or dropped according to the actual progress made in class. Variations in the covered topics will be communicated in class and through Canvas.

- Part I: Micro (Weeks 1 - 6)
 1. Social interactions and institutional design (B1).
 2. Spontaneous order: an introduction to evolutionary game theory (B2).
 3. Preferences and behavior (B3).
 4. Strategic complementarities and coordination failures (B4).
 5. Bargaining and rent-seeking (B5).
 6. The institutions of a capitalist economy (B10)

- Part II: Macro/Growth and Distribution (Weeks 7 - 15)

Invited lectures on additional topics (race, gender and class, international economics, distribution of income and wealth) may be scheduled, depending upon speakers' availability.

1. Growth and distribution. One sector models: consumption and growth, wages and profits. Income shares. Choice of technique and production functions N -sector models of growth and distribution. Equalization of profit rates. Issues with capital theory (FMT1-3, additional lecture notes).
2. Model closures: the labor market. Classifying Technical Change. Biased Technical Change and competing views of income distribution. Applications using the Extended Penn World Tables (3.0) (FMT4, 8).
3. Savings and capital accumulation. Arbitrage equations and intertemporal optimization (FMT 5, notes on Canvas).
4. Classical models of growth and distribution: distributive closure vs. labor-constrained closure (FMT6).
5. Goodwin's (1967) growth and distribution model, and contemporary developments (additional lecture notes).
6. Workers' savings and the Pasinetti theorem (FMT17).
7. Technical progress and the functional distribution of income. Neoclassical (technology) and classical (class-conflict) perspectives. (FMT7, various papers).
8. Capacity utilization, aggregate demand, and the business cycle: basic elements of post-Keynesian macroeconomics (FMT12, various papers).
9. The debate on stability and convergence and extensions to the neo-Kaleckian model (various papers).
10. The Balance-of-Payments-Constrained-Growth model, its applications and extensions (various papers).