Reading List
Ph.D. Comprehensive Examination
Department of Economics
University of Missouri-Kansas City

Political Economy

Karl Polanyi The Great Transformation
James Caporaso & David Levine Theories of Political Economy
Charles Whalen Readings in International Political Economy
Adam Smith An Inquiry into the Nature and Causes of the Wealth of Nations
David Ricardo The Principles of Political Economy and Taxation
John S. Mill Principles of Political Economy
Karl Marx Das Kapital
J. K. Galbraith A Life in Our Times
M. C. Howard & J.E. King The Political Economy of Marx
Michael Perelman Classical Political Economy
C. Wright Mills The Power Elite
G. William Domhoff The Power Elite and the State
A. Lowe, The Path of Economic Growth
M. Pivetti, An Essay on Money and Distribution
C. Panico, Interest and Profit in the Theories of Value and Distribution
M. Dobb, Theories of Value and Distribution since Adam Smith
G. C. Harcourt, The Social Science Imperialists, chs. 8, 14, 15, 16, 17, 18, and 19, Capitalism, Socialism and Post-Keynesianism, chs. 4, 5, 6, 7, and 8
J. Steindl, Maturity and Stagnation in American Capitalism
P. M. Lichtenstein, An Introduction to Post-Keynesian and Marxian Theories of Value and Price

Wassily Leontief, "Theoretical Assumptions and Nonobserved Facts," AER, March, 1971
J. B Davis "Distribution in Ricardo's Machinery Chapter", History of Political Economy, Fall 1989
Ben Seigman "The Impact of Positivism on Economic Thought" History of Political Economy, Fall 1969

Institutional Theory

Marc Tool Essays in Social Value Theory
John R. Commons, Institutional Economics: Its Place in Political Economy
John Dewey, The Quest for Certainty
John Dewey, Human Nature and Conduct
Thorstein Veblen, The Theory of Business Enterprise
C. E. Ayres The Theory of Economic Progress
Carl Becker The Heavenly City of the Eighteenth-Century Philosophers
Marc Tool, Editor, Foundations of Evolutionary Economics, Volume I.
J. K. Galbraith, The New Industrial State
A. Gruchy, Modern Economic Thought, The Reconstruction of Economics
D. Hamilton, Evolutionary Economics
G. Hodgson, Economics and Institutions, How Economics Forgot History
M. R. Tool, The Discretionary Economy
M. R. Tool, Pricing, Valuation and Systems
W. J. Samuels, The Founding of Institutional Economics
Ken Dennis, Boland on Friedman, Journal of Economic Issues, September, 1986
Robert Montgomery, "Historical Fact" Unpublished Paper
Thorstein B. Veblen "Why is Economics Not and Evolutionary Science"
____, "The Limitations of Marginal Utility"
____, The Barbarian Status of Women
Robert Montgomery, "Historical Fact" Unpublished Paper

Microeconomics

N. Kaldor, Economics without Equilibrium, Essays on Value and Distribution ch. 10, Further Essays on Economic Theory, chs. 1, 7, and 8
S. Moss, An Economic Theory of Business Strategy
J. M. Blair, Economic Concentration
A. Wood, A Theory of Profits
P. Sylos-Labini, Oligopoly and Technical Progress
E. Penrose_The Theory of the Growth of the Firm
H. Braverman, Labor and Monopoly Capital
M. Hollis and E. J. Nell, Rational Economic Man
A. Roncaglia, Sraffa and the Theory of Prices
K. Bharadwaj and B. Schefold, Essays on Piero Sraffa, chs. 1, 2, 3, 5, 6, 10, 11, 12, 13, and 16
B. Schefold, Mr. Sraffa on Joint Production and Other Essays, part I and III
K. Bharadwaj, Themes in Value and Distribution, chs. 10 and 12
F. S. Lee, Post Keynesian Price Theory
P. Downward, Pricing Theory in Post Keynesian Economics.
H. Bortis, *Institutions, Behaviour and Economic Theory: A contribution to Classical-Keynesian political economy*


T. I. Palley, *Post Keynesian Economics*  

J. E. King (ed.), *An Alternative Macroeconomic Theory: The Kaleckian Model and Post-Keynesian Economics*  

P. Arestiti, *The Post-Keynesian Approach to Economics*  

F. J. Cardim de Carvalho, *Mr. Keynes and the Post Keynesians*  

M. C. Sawyer, *Unemployment, Imperfect Competition and Macroeconomics: Essays in the Post Keynesian Tradition*  

E. Nell, *Prosperity and Public Spending, The General Theory of Transformational Growth*  

J. Schwartz, *The Subtle Anatomy of Capitalism*, chs. 1, 14, 18, 19, 20, and 21  


**General Readings for Macroeconomic Theory Portion of Comprehensive Exams**

Snowdon, Vane and Wynarczyk *A Modern Guide to Macroeconomics*  

L. R. Wray *Understanding Modern Money: the key to full employment and price stability* 1998  


Davidson, *Money and the Real World*, 1972 or 1978  

E. Amadeo, *Keynes Principle of Effective Demand*  

E. Amadeo and A. Dutt, *Keynes’s Third Alternative: The Neo-Ricardian Keynesians and the Post Keynesians*  

M. Milgate, *Capital and Employment*  

H. Minsky, *John Maynard Keynes*  


P. J. Reynolds, *Political Economy: A Synthesis of Kaleckian and Post Keynesian Economics*  

M. Kalecki, *Theory of Economic Dynamics*  

J. Eatwell and M. Milgate (eds.), *Keynes’s Economics and the Theory of Value and Distribution*  

S. Rousseas, *Post Keynesian Monetary Economics*  

A. Asimakopulos, *Investment, Employment and Income Distribution*
Readings By Topic

Growth

Walker and Vatter, “Why has the US operated below potential?” JPKE, spring 1989
Pigeon and Wray, “Demand Constraints and the New Economy”, manuscript.

IS-LM and disequilibrium economics

Poole: “Optimal choice of monetary policy instruments in a simple stochastic macro model” (QJE 1970)
Hicks: “Mr. Keynes and the Classics” (Econometrica 1937), “Some Questions of Time in Economics” (in Tang 1976), and “IS-LM: an explanation” (JPKE 1980-1)
Barro and Grossman: “A general disequilibrium model of income and employment” (AER 1971)

Supply Side and Monetarism, Mark I and Mark II

Gilder, Wealth and Poverty, 1981
Rousseas “Classical Supply-Side Economics”, in The Political Economy of Reaganomics
Tobin: “Friedman’s Theoretical Framework” (in Milton Friedman’s Monetary Framework, ed. by Gordon, 1970)
Sims: “Comparison of interwar and postwar business cycles: monetarism reconsidered” (AER 1980)
Muth “Rational Expectations and the Theory of Price Movements” (Econometrica 1961)
Sargent and Wallace: “Rational expectations, the optimal monetary instrument, and the optimal money supply rule” (JPE 1975)
Real Business Cycle, New Keynesian

Taylor, “Staggered Wage Setting in a Macro Model”, AER 69(2) May 1979
Yellin, “Efficiency Wage Models of Unemployment”, AER 74(2) May 1984
King and Plosser: “Money, credit, and prices in a real business cycle” (AER 1984)
Long and Plosser: “Real Business Cycles” (JPE 1983)
Plosser: “Understanding real business cycles” (JEP 1989)
Mankiw “A Quick Refresher Course in Macroeconomics”, JEL 28, Dec 1990
Blinder and Stiglitz: “Money, credit constraints, and economic activity” (AER 1983)
Bernanke: “Nonmonetary effects of the financial collapse in the propagation of the Great Depression” (AER 1983)
Stiglitz and Weiss: “Credit rationing in markets with imperfect information” (AER 1981)
Greenwald, Stiglitz, and Weiss: Informational imperfections in the capital market and macroeconomic fluctuations, AEA papers and proceedings, may 1984.
Caskey and Fazzari: “Macroeconomics and Credit Markets” (JEI 1986)
Fischer: “Long-term contracts, rational expectations, and the optimal money supply rule” (JPE 1977)

Critique of Orthodoxy

Chick: “Keynesians, Monetarists and Keynes: the end of the debate—or a beginning?” (in Post Keynesian Economic Theory, ed. by Arestis and Skouras)
Davidson: “A Keynesian view of Friedman’s theoretical framework for monetary analysis” (in Milton Friedman’s Monetary Framework, ed. by Gordon, 1970)
Kregel: The Reconstruction of Political Economy (1973)
Arestis: “Post-Keynesian economics: towards coherence” (CJE 1996)
Ormerod, “The Death of Economics Revisited”, manuscript, June 2000

Monetary theory of production; Essential properties of money

Keynes: “The process of capital formation” (EJ 1939); “A monetary theory of production” (CW xiii)
Fan-Hung: “Keynes and Marx on the theory of capital accumulation, money and interest” (RESTUD 1939)
Cramp: “Two Views on Money” (Lloyd’s Bank Review 1962)

The theory of the monetary circuit

Schumpeter: The theory of economic development (1949)
Minsky: “Schumpeter: Finance and Evolution” (in Markets and institutions in economic development, ed. by Heertje and Perlman, 1990)
Bellofiore: “Money and development in Schumpeter” (RRPE 1985)
Graziani: “The theory of the monetary circuit” (Economies et Societes 1990)
Wray: “Government deficits, liquidity preference and Schumpeterian innovation” (Economies et Societes 1994); “Money, interest rates, and monetarist policy” (JPKE 1993)
Lavoie: “Credit and money: the dynamic circuit, overdraft economics, and Post Keynesian economics” (in Money and Macro Policy, ed. by Jarsulic 1985); “The endogenous flow of credit and the Post Keynesian theory of money” (JEI 1984)
Rousseas: “The spheres of industrial and financial circulation revisited” (Economies et Societes 1994)

Cambridge Economics, Long Run vs Short Run, Modern Money

Eatwell: “Theories of value, output and employment” (in Keynes’s Economics and the theory of value and distribution, ed. by Eatwell and Milgate, 1983)
Kregel: “Hamlet without the prince: Cambridge macroeconomics without money” (AER 1985)
Moore: “The endogenous money stock” (JPKE 1979); “Contemporaneous reserve accounting: can reserves be quantity constrained?” (JPKE 1984); “Wages, bank lending, and the endogeneity of money” (in Money and Macro Policy, ed. by Jarsulic); “The endogenous money supply” (JPKE 1988); and “Money supply endogeneity” (JPKE 1991)
Pollin: “Two theories of money supply endogeneity” (JPKE 1991)
Cottrell: “Post-keynesian monetary economics” (CJE 1994)
Wray: Understanding Modern Money (1998); “Modern Money”, in What is Money, edited by John Smithin
Hudson: Public-sector vs. Individualist (and debt vs barter) theories of the origins of money, manuscript
Ingham, “Babylonian madness: on the historical and sociological origins of money” in What is Money, edited by John Smithin

Fiscal Policy, Functional Finance, Crowding-Out, Government Debt

Lerner: “Functional finance and the federal debt” (Social Research, 1943)
Lerner “Money as a Creature of the State”, AER, 37(2) May 1947
Interest rates, Monetary policy, Loanable funds, Liquidity preference

Keynes: “Alternative Theories of the rate of interest” (EJ 1937)
Townshend: “Liquidity premium and the theory of value” (EJ 1937)
Tsiang: “Liquidity preference and loanable funds theories, multiplier and velocity analysis: a synthesis” (AER 1956)
Foley: “On two specifications of asset equilibrium in macroeconomic models” (JPE 1975)
Friedman, B.: “Crowding out or crowding in? Economic consequences of financing government deficits” (Brookings Papers 1978)
Meyer: “The balance sheet identity, the government financing constraint, and the crowding-out effect” (JME 1975)
Wray: “Government Deficits, Investment, saving and growth” (JEI 1989); “Alternative theories of the rate of interest” (CJE 1992)

Inflation, Unemployment, NAIRU

Galbraith “Dangerous Metaphor: the fiction of the labor market”, (Levy Public Policy Brief 36, October 1997)
Sawyer “The political economy of the Phillips curve”, (Thames Papers in Political Economy Summer 1987)
Davidson: “The demand and supply of labour” (in Post Keynesian Macroeconomic Theory 1994)
Wray: “Money and Inflation” (manuscript); “Deficits, Inflation and monetary policy” (JPKE 1997)
Kenyon: “Pricing” (in A guide to Post-Keynesian Economics, ed. by Eichner 1979)
Milgate and Eatwell: “Unemployment and the market mechanism” (in Keynes’s Economics and the theory of value and distribution, ed. by Eatwell and Milgate, 1983)

Instability, Stabilization Policy

Minsky: Stabilizing an Unstable Economy (1986); “The financial instability hypothesis: a restatement”, in Arestis and Skouras, Post Keynesian Economic Theory, 1985
Wolfson: Financial Crises (1994)
Wojnilower: “The central role of credit crunches in recent financial history” (Brookings Papers 1980)
Gillman: *Prosperity in Crisis* (1965)
Kenway: “Marx, Keynes and the possibility of crisis” (in *Keynes’s Economics and the theory of value and distribution*, ed. by Eatwell and Milgate, 1983)
Wray “Can the Expansion be Sustained: a Minskian view” *Policy Note* 2000/5

**International**

Royal Swedish Academy of Sciences, announcement of Nobel to Mundell, 1999
Davidson: “Reform of the International Financial System”
Ph.D. Comprehensive Examination  
Economic Theory

The exam will be in two parts: 1) area specific questions, and 2) area interrelationships questions. The first part is from 9:00am to noon. The second part is from 1:30-3:30pm

Part 1-- Area Specific Questions
You may answer the area specific questions in any order. We recommend spending approximately one hour per area. Please take note of the instructions for each section and identify each section. If you are using a computer please save a copy on the floppy disk provided to you. If you are using blue books use a separate book or books for each area.

Use only your student identification number to identify your answers. Do not use your name.

Political Economy -- 1 hour

INSTRUCTIONS: 1) Answer the following question.

Karl Polanyi articulates the idea that 19th century economic history of England was centered on what he calls "the double movement".
A. Discuss Polanyi’s analysis of the double movement.
B. Explain its impact on economic ideology.
C. Assuming Polanyi is correct in this assessment, discuss the implications for a) the standard (neoclassical economic theory of the organization of production, b) economic policies that are rooted in the economic philosophy of laissez faire.

Macroeconomics -- 1 hour

INSTRUCTIONS: 1) Answer one the following questions.

1. Money is one of the most important topics treated by each approach to macroeconomics. It could be argued that there are three important themes that are present throughout most of the controversies in monetary economics. Compare and contrast the most important approaches to macroeconomics (Post Keynesian/Institutionalist; Neoclassical Synthesis; Monetarist Mark I and Mark II; Real Business Cycle; and New Keynesian) on each of the following themes:
   a) How is money created and destroyed?
   b) What determines the interest rate?
   c) What is the impact, if any, of changes in monetary variables on other economic variables?

2. Is unemployment an equilibrium or a disequilibrium phenomenon? Explain. Be sure to include discussion of the analyses provided by a variety of approaches (Keynes’s; Post-Keynesian; Neoclassical Synthesis; Monetarist Mark I and Mark II; Real Business Cycle; New Keynesian; the disequilibrium approach; Institutionalist) to this question.
Microeconomics -- 1 hour

INSTRUCTIONS: Answer two of the following questions. Allocate 30 minutes per each question.

1. Discuss the extent to which the foundations of Post Keynesian microeconomic theory make it incompatible with equilibrium and long-period price theories.

2. Post Keynesians and Marxists have different explanations for the origins of profits. This means they have different explanations for the profit mark up. Discuss comparatively and critically.

3. The business enterprise can finance its working and fixed capital expenditures through its price policy and hence is independent of the financial system. Discuss.

4. Describe the Post Keynesian disaggregated model of the formation of price and output in an economy with decentralised decision-making. What implications does the model have for effective demand in co-ordinating economic activity and for the role of prices in determining aggregate output and employment?
Part two -- Interrelationships of Micro, Macro and Political Economy

Please take note of the instructions for this part of the exam. If you are using a computer please save a copy on the floppy disk provided to you. If you are using blue books use a separate book or books for each area.
Use only your student identification number to identify your answers. Do not use your name.
In this part you are to analyze the connections and interrelationships between micro, macro and political economy, especially in relationship to the pluralistic emphasis of the course work in the department.

Inter-area Questions

INSTRUCTIONS: Answer two of the following questions. Allocate one hour per each question.

1. In the absence of the traditional distinction between micro and macro, evaluate the following statement: macroeconomic outcomes have their microfoundations in social relationships and social conventions.

2. It has been argued that the “the machine question” has had a profound impact on economic thought.
   a. Briefly explain what is meant by the machine question.
   b. Give specific examples of the ways it emerges or explicitly or implicitly in the work of a) classical economists, e.g., Ricardo, b) Marx, c) Veblen, and d) Keynes.
   c. Give specific examples of public policies regarding the impact of machinery that are compatible with the above theoretical works.

3. Critically analyze the following comment: “Profit is the driving force of the capitalist economy.” Be sure to analyze the comment from the perspectives of: microeconomics; macroeconomics; political economy; and economic history.

4. Cartels, collusion, oligopoly, large industrial and financial business enterprises, all of which confer a differential advantage, are necessary for the smooth working of an advanced industrial economy. Discuss this statement; including its theory and policy implications.
Ph.D. Comprehensive Examination  
Economic Theory  

The exam will be in two parts: 1) area specific questions, and 2) area interrelationships questions. The first part is from 9:00am to 1:00pm. The second part is from 2:00-7:00pm. Additional time is available

**Part 1-- Area Specific Questions**  
You may answer the area specific questions in any order. Please take note of the instructions for each section and identify each question and answer. Use only your student identification number to identify your answers. **Do not use your name.** Save your work to the floppy disk provided to you.

SAVE OFTEN to both the FLOPPY and the HARD drive.

Allocate your time so that you are able to give adequate time to each section of the exam.

**Political Economy**

INSTRUCTIONS: Answer one of the following questions.

1. Thorstein Veblen's conception of economic analysis has several distinctive concepts. Included in his analysis are 1) the instinct of workmanship, 2) the machine process, 3) conspicuous consumption, and 4) that the economy is evolutionary, cumulative and adaptive.
   a. Define and explain 1, 2 and 3.
   b. Discuss how they are related to each other.
   c. Discuss how they are related to and affected by 4.

2. Karl Polyani argues that the 19th century economic history of England was centered on what he calls "the double movement".
   a. Discuss Polyani's analysis of the double movement, what is it and why is it important.
   b. As a prerequisite to the emergence of a labor market Polanyi argues that labor is transformed into a commodity; what he calls a commodity fiction. Explain what he means by this and how it is related to his favorable analysis of the contributions of Robert Owen.

3. Marx developed the "laws of motion" of capitalism. Briefly summarize the constituent elements of these laws. Is the labor theory of value necessary for Marx's analysis of these "laws?"
**Macroeconomics**

INSTRUCTIONS: Answer one of the following questions.

1. Keynes argued that *his* theory is a *general theory*, while the classical theory (what we now today call the neoclassical theory) is a *special case* applicable only under specific assumptions. Critically analyze Keynes’s claim. Be sure to include an analysis of advances and extensions made to neoclassical theory since the time of Keynes (that is, the modern versions of neoclassical theory-monetarism mark 1 and 2, real business cycle theory, ISLM Keynesian, New Keynesian): how would Keynes assess these? Would he change his claim about these (that is, would he also see these as “special case theories”)? Critically analyze this.

2. The conventional view is that government deficits “crowd-out” private spending. Carefully lay-out economic models that could be used to justify this conventional wisdom. (You should be able to analyze several alternative models that could be used to support this position.) Identify what assumptions and conditions must hold in order to make this claim. Briefly discuss the empirical evidence for and against the crowding out hypothesis. Finally, critically analyze the crowding out hypothesis from the perspectives of “endogenous money”, “functional finance”, and “money as a creature of the state”.

**Microeconomics**

INSTRUCTIONS: Answer one of the following questions.

1. How does critical realism and the method of grounded theory affect the development of heterodox microeconomic theory?

2. Heterodox microeconomics does not have a theory of consumer choice. Therefore it cannot say anything about consumer demand. Discuss.

3. The business enterprise can finance its working and fixed capital expenditures through its price policy and hence is independent of the financial system. Discuss.

4. State intervention into markets is necessary for market governance and in fact is demanded by enterprises. Discuss.
Part Two -- Interrelationships of Micro, Macro and Political Economy

In this part you are to analyze the connections and interrelationships between micro, macro and political economy, especially in relationship to the pluralistic emphasis of the course work in the department. Use only your student identification number to identify your answers. Save your work to the floppy disk provided to you.

SAVE OFTEN to both the FLOPPY and the HARD drive.

Allocate your time so that you are able to give adequate time to each section of the exam.

INSTRUCTIONS: Answer two of the following questions.

1. Critically evaluate the following claim: “The ‘free market’ versus ‘government intervention’ dichotomy is a useful one for understanding debates about political economy, as well as for understanding real world economies.”

2. The profit mark up is affected by the realization problem of effective demand, the micro problem of competition, the political economy problem of government regulation, and the institutional problem of custom and tradition. This makes a theory of the mark up impossible, so it is best that heterodox economists just assume the profit mark up given or say that it is determined by the price elasticity of demand. Discuss.

3. What theoretical differences for economic theory emerge when economics is defined as the science of social provisioning as opposed to the allocation of scarce resources among competing ends?

4. It has been argued that the “the machine question” has had a profound impact on economic thought.
   a. Briefly explain your understanding of the machine question.
   b. Give specific examples of the ways it emerges, explicitly or implicitly in the work of a) classical economics, e.g., Ricardo, b) Marx, c) Veblen, and d) Keynes.