Levy Economics Institute MA/MS in Economic Theory and Policy
Course Descriptions

ECON 501 Advanced Microeconomics: Value, Distribution, and Economic Well-Being

Core Course

Open to Year I

This course provides an exposition of the analytical foundations of the classical ("surplus") and neo-classical ("marginalist") traditions in the theory of value and distribution. Given its dominance in contemporary economics, the latter tradition is emphasized in this course. The historical development of the marginalist theory of value is considered, as are critiques that focus on issues regarding its internal coherence and methodological difficulties. The remainder of the course examines the measurement of economic well-being and deprivation, including the substantive issues related to the determinants of the standard of living. Topics include Lorenz curves, social welfare functions, inequality indices, and poverty indices.

Fall Semester - *4 Credits*

ECON 502 Advanced Macroeconomics

Core Course

Open to Year I

The primary objective of macroeconomic analysis is to understand the determinants of aggregate output and employment, and the causes of inflation. This course examines the intellectual foundations of macroeconomic thought and the evolution of competing theories and policy approaches. Particular attention is given to why aggregate economic phenomena require analytical frameworks that go beyond the study of individual households or firms. Students acquire the skills needed to: (1) identify the main theoretical and methodological differences among competing approaches; (2) discuss the empirical evidence supporting each approach; and (3) explain why particular policy instruments are considered appropriate (or inappropriate) for achieving macroeconomic stability.

Prerequisite: Intermediate Macro.

Fall Semester - *4 Credits*

ECON 503 Public Economics: The Political Economy of Government Expenditures and Taxation

Core Course

Open to Year II

This course examines the role of the state in modern capitalist economies. Students are introduced to alternative theories of state and government intervention. Mainstream approaches are discussed and contrasted with alternative approaches that emphasize social, historical, and institutional factors.Taxation is examined within the standard theory of value and distribution as well as within the classical and Kaleckian approaches; public expenditures, including the provision of education and health care, are analyzed. Topics in the theory of redistribution and the welfare state form the final portion of the course. Readings include a mix of classic works, authoritative surveys, and recent work on specialized topics.

Prerequisite: ECON 501
Fall Semester - *4 Credits*

ECON 504 Macroeconomic Stability

Elective Course

Open to Year I and Year II

This course will examine the nature of economic instability and financial crises, and the relative effectiveness of monetary and fiscal policies. Students will be introduced to John Maynard Keynes's investment theory of the business cycle and Hyman P. Minsky's financial theory of investment. They will examine several competing perspectives on the sources of instability and the theoretical justifica-tions for macroeconomic stabilization policy. We will interrogate the impact of postwar stabilization policies on inflation, unemployment, and financial fragility, including but not limited to those during the 70s stagflation period, the 2008 Great Recession, and the COVID19-induced global crisis. During the first half of the course, graduate students will read primary texts, including J.M. Keynes's The General Theory of Employment, Interest and Money, How to Pay for the War, and other policy writings from the interwar period. Students will then turn to the work of H.P. Minsky on banking and financial instability. This is a writing-intensive graduate seminar, where students will produce analytical synopses of the primary texts, which culminate in a research paper.

Spring Semester - *4 Credits*

ECON 505 Research Seminar

MA Core Course

Open to MA

Students will identify a research question for their MA paper. Each student will engage in researching the topic, elaborating the analysis required to answer their question and writing a paper that presents their research. At the end of the semester students will present this work to the faculty. Finished papers will be journal article length and contribute new research in one of Levy's program areas.

Spring Semester - *4 Credits*

ECON 513 Institutional Economics: Theory, Methods, and History

MA Core Course

Open to Year I and Year II

This course covers the major theories and methods comprising (Original) Institutional Economics beginning with Thorstein Veblen and extending to contemporary developments and applications. This includes theories of distribution, consumption and production. The historical evolution of the theories and their application to contemporary institutions is an organizing principle for the course. The connection to and compatibility with post-Keynesian instability theory and modern money theory is integrated as a component especially as applied to Veblenian theory. Pragmatic method, models, and logic are also an integral part of the course.

Fall Semester - *4 Credits*

ECON 517 Poverty, Inequality, and Wealth

Elective Course

Open to Year I and Year II

This course covers the various theoretical and empirical approaches to the measurement of economic well-being, poverty, and inequality, both in the United States, as well as more globally, touching on the most recent debates about poverty measurement and comparisons across countries, as well as measures developed at the Levy Institute. It considers characteristics of the distribution of income, consumption, and wealth, and their relative usefulness in terms of assessing the inequality of economic well-being and studies the disparate experiences of poverty and inequality by race and gender both within and across global regions. In addition, the course examines the impact of economic structures, policy, and development on poverty and inequality. Both mainstream and heterodox theoretical approaches to explaining poverty and inequality will be covered.

Spring Semester - 4 Credits

ECON 518 Intersecting Inequalities

Elective Course

Open to Year I and Year II (Offered alternating years)

Economic inequality refers mostly to the differences among individuals in terms of income and wealth. In all societies, economic inequality is tied to other forms of social hierarchies. For example, gender differentials in earnings appear to be universal. These differences can interact with each other in reinforcing or ameliorating earnings differentials. The purpose of the course is to investigate such intersecting inequalities by examining their root causes, primarily using economic models and analyses, but also drawing from analyses in other disciplines such as history and sociology. We will also study their varying forms in the industrialized world, as well as in the Global South. The course will cover economic models of discrimination, with a focus on the following forms of social hierarchies: gender, race, immigrant/refugee status, sexual orientation, disability, ethnicity, and caste.

Fall Semester - *4 Credits*

ECON 519 Inequalities across Time and Space

Elective Course

Open to Year I and Year II (Offered alternating years)

This course deals broadly with issues of economic inequality both across and as a result of movement through time and space. We will discuss economic models of discrimination, segregation and polarization, as well as measures of segregation and polarization and empirical applications (especially regarding polarization and conflict). We will consider various theoretical approaches to explaining rural-urban inequality and uneven development, including theories of unequal exchange, dependency theory, theories of imperialism, and world systems theories. We will also cover internal migration, development and inequality, international migration and its effects on inequality within nations, the economic dimensions of the refugee crisis and the costs and benefits of international migration.

Fall Semester - *4 Credits*

ECON 520 The Political Economy of Finance

Elective Course

Open to Years 1 and II

Finance is usually described as an intermediary that channels savings into investment and allows for the functioning of the “real” economy. But what if finance plays a deeper role in the economy, not only circulating capital but multiplying it and detaching it from production, in an arms-race pursuit of profit? What if, in this process, finance extracts rents from the rest of the economy and concentrates power in the hands of a few?

In this graduate course, we examine the nature of money, trace the history of financial instability from early crises to today's markets, and investigate the institutions, ideologies, and elites that govern finance. We end by asking whether a different financial system is possible.
4 Credits

ECON 521 Ecological Political Economy: Climate, Unequal Exchange and Environmental Justice

Elective Course

Open to Years I and II

The climate crisis is usually taught as a problem of external costs: a market failure to be corrected by putting the right price on carbon. This course teaches it instead as a question of who and where. Who appropriates the land, energy and materials that growth requires, who bears the costs of their use, and how the structure of the world economy moves those resources from periphery to core. We begin with the founders of ecological economics and the limits-to-growth debate, read the political economy of capital, energy and nature from Ricardo to Moore and Malm, and then follow the Latin American structuralist and dependency tradition into the theory and measurement of ecologically unequal exchange. The second half turns to distribution: environmental justice in the United States and the environmentalism of the poor in the global South, the inequality of carbon emissions by income and wealth, and the movements that contest them.

The last part of the course asks what can be done, and how we would know. We compare carbon pricing with green investment and industrial policy, and green growth with degrowth, and we use the tools economists use to measure and model the transition: multi-regional input–output tables, to trace embodied land, materials and emissions through world trade, and stock-flow-consistent models in the Levy tradition, to follow its consequences for growth, employment, finance and distribution. Students will leave able to read these debates critically and to carry out an empirical or modelling exercise of their own on a question that matters to them.
4 Credits

ECON 529 Research Methods I: Econometrics

Core Course

Open to Year I

The primary objective of this course is to provide the empirical tools needed to analyze economic data, evaluate economic hypotheses, and conduct applied research. This course examines the foundations of econometric methods and their application to macroeconomic debates and policy frameworks, with particular emphasis on time series analysis, empirical modeling, and the use of real-world data to investigate macroeconomic questions, evaluate competing theories, and assess alternative policy approaches.Students acquire the skills needed to: (1) select and apply appropriate econometric techniques to macroeconomic data; (2) interpret and critically evaluate empirical findings in the context of macroeconomic debates; and (3) develop the quantitative tools needed to strengthen and support their own research agendas.
Fall Semester - *4 Credits*

ECON 530 Research Methods II

Core Course

Open to Year I

The stock-flow consistent (SFC) approach to macroeconomics emphasizes the importance of accounting consistency among the various stocks and flows of an economy for macroeconomic analysis. This framework allows a coherent and integrated approach to both the production and financial side of the economy, with the latter having an essential role for the macroeconomic outcome and not just being a "veil." Such an approach is necessary if we want to understand the functioning of the modern capitalist economies and major macroeconomic events, such as the recent financial and economic crisis or the stagnation of the last few years.

This course aims to expose students to the main principles of SFC macroeconomics. Several theoretical models of increasing complexity will be studied and will be simulated with the use of statistical software (Eviews, R). It will also be shown how this methodology can be used for macroeconomic policy purposes.In particular we will examine the SFC macro model of the Levy Economics Institute, used to produce the various Strategic Analyses and policy reports. The course will start with an in-depth examination of the related data sources, including national income accounts, flow of funds accounts, and accounts of international trade and capital flows.

The second half of this course aims to expose students to the key types and sources of data used for economic analysis and to provide insights into key technical areas of applied economic analysis at both the macro and micro levels with a special focus on the modeling techniques used in Levy Economics Institute research programs. At the micro level, we will cover a variety of data sources; household surveys, including labor force, income and expenditure, wealth and time use surveys. The associated methods examined include econometrics of cross-sectional data, distributional analysis and policy simulation. Finally, we survey statistical matching techniques including those used to create the synthetic datasets used in the LIMEW and LIMTIP.

The core data sources to be covered at the macro level include national income accounts; flow of funds accounts; and, accounts of international trade and capital flows. We will also discuss the main principles of the Stock-Flow Consistent (SFC) Methodology and how this methodology can be used for macroeconomic policy purposes. In particular we will examine the SFC macro model of the Levy Institute, used to produce the various Strategic Analyses and policy reports.

Pre-requisite: ECON 529

Spring Semester - *4 Credits*

ECON 531 Monetary Theory and Policy

Core Course

Open to Year I

An investigation of monetary theory and policy. We will examine both the mainstream and heterodox approaches to each. We will include a detailed examination of Modern Money Theory, which combines various strands of heterodoxy while also including contributions from historical, legal, and anthropological research.

Spring Semester - *4 Credits*

ECON 590 Financial Macroeconomics

Elective Course

Open to Year I and Year II

This course seeks to join two separate disciplines—finance and macroeconomics. This conjunction is based on the recognition that finance and macroeconomics were initially integrated. It provides a natural extension of a line of research that dominated monetary theory in the early part of the 20th

century. Economists such as Keynes, Robertson, Hawtrey, Fisher, Hayek, and Schumpeter sought to blend the analysis of business cycles with their (often first-hand) experience of money and financial markets. The result was a monetary theory that provided the fertile background to what came to be called macroeconomics.

4 Credits

ECON 602 Macro Dynamics/Macromodeling

Core Course

Open to Year II

This course focuses on the analysis of contemporary economic problems, viewed from a macroeconomic perspective. It begins with an overview of long-term structural patterns in developed economies, including the intrinsic nature of growth, the historical dynamics of unemployment, and the recurrence of structural economic crises over long intervals. Different approaches are systematically developed to address the fundamental issues in economic analysis. The final half of the course will develop a stock-flow accounting framework and demonstrate its connection to the “three balances approach” that underlies the Levy Institute’s Macromodel.

Prerequisite: ECON 502

Fall Semester - *4 Credits*

ECON 610 Research Workshop I

Core Course

Open to Year II

Students will develop and finalize their research topic. Each student will engage in directed literature research, prepare the literature survey chapter, and present a narrative thesis proposal, including a research agenda to be agreed upon with their supervisor, as well as the literature review and an assessment of how the research project will contribute to the final thesis. By the end of the semester students will present a summary of this work to the faculty.

Fall Semester - 2 *Credits*

ECON 611 Research Workshop II

Core Course

Open to Year II

Students will continue work from Research Workshop I by working directly with their supervisors throughout the semester to produce a research thesis consisting of 60–80 pages, depending on the content.

Spring Semester - *2 Credits*

Econ 612 Policy Seminar

MA Elective/MS Core Course

The seminar will analyze non-conventional perspectives of theoretical and policy issues ranging from fiscal and monetary policy to development, inequality, and poverty. Invited speakers will discuss policy-oriented topics related to the Levy Economics Institute’s core research areas.

Spring Semester - *2 Credits*