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HISTORY OF THE ECONOMICS DEPARTMENT AT
UNIVERSITY OF MISSOURI-KANSAS CITY

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ABSTRACT

This essay provides a short history of the Department of Economics at UMKC from 1929 to 2010. It shows the origins of its Institutionalist roots beginning in 1946 and ends with the development of the department as a internationally known center of Post Keynesian-Institutional-heterodox economics.

Key Words: Institutionalism, Heterodox, Post Keynesian

JEL Codes: B5, B23, A14

HISTORY OF THE ECONOMICS DEPARTMENT AT UNIVERSITY OF MISSOURI-KANSAS CITY

The University of Missouri-Kansas City (UMKC) was chartered in 1929 as the University of Kansas City, and its first entering class was in 1933. In 1963 it became UMKC when it joined the University of Missouri (UM) system. Economic courses were initially taught in the Department of Business Administration. It was not until 1939 that the Department of Economics was established. One of its early members was Abba Lerner, who was appointed in 1941 and stayed two years. However, the Department's heterodox intellectual heritage did not begin until the hiring of John Hodges as the department chair in 1946. As a student of Clarence Ayers and the institutionalist school of the University of Texas, Hodges was one of a number of young Institutional economists who populated mid-west and southwest colleges and universities from the 1930s through to the 1960s. In 1947 Horace B. Davis joined the department. This was a daring appointment since Davis was a Marxist economist (and also a member of the Communist Party). He got caught up in McCarthyism and was dismissed from his tenured position by the University in 1954. The latter part of the 1950s was one of decline for the University and the Department in terms of faculty, students, and courses, so that in 1961 Hodges was the only economist left. In the mist of this financial crisis facing UMKC, an offer was made by a community leader to donate over ten million dollars to the University if 'the executive could name the president of the University, if the faculty be purged of liberal incumbents, and that the Economics Department in particular be completely re-oriented in its political and social philosophy' (Wagner 1999, p. 4). The University trustees turned down the offer. The subsequent

admission to the UM system combined with post-war baby boomers going to college, both the University and Department grew from this low point and never looked back.

The next phase of the Department, running from 1962 to 1992, started with the hiring of Gene Wagner in 1962, who later became engaged in activities of the Union for Radical Political Economics (URPE) circa 1970. Next to be hired in 1963 was Robert (Bob) Brazelton. He obtained his doctorate from the University of Oklahoma where he was introduced to institutional economics which he put alongside his deep interest in Keynes's *General Theory*. Later in 1979, he was the first heterodox economist to clearly bring together Post Keynesian and institutional economics. A third hire was Joe Brown, also a student of Ayers, who came to UMKC in 1966 and remained until he died in 1978. The final 'Institutional-heterodox' hire was James Sturgeon, who arrived in 1977. He was a student of Hodges and Brown and also obtained his doctorate from the University of Oklahoma. Mainstream economists were also hired during this thirty-year period, so the department was pluralistic. However, Hodges and the heterodox hires maintained a strong institutional and Keynesian presence in both the undergraduate economics major and in the MA economics degree. In particular, a course in institutional economics was required in both, a requirement that reaches back to 1946 for the economics major and 1950 for the MA degree and continues to this day (2011). Thus the Department has the longest uninterrupted BA and MA programs in which institutional economics is required and taught in the United States and indeed the world.

The third phase of the Department started in 1992 when UMKC established an Interdisciplinary Ph.D. (IPhD) programme, which the Department joined. Prior to this, the Department, along with many others, was prevented from offering a doctoral degree

because it would ‘duplicate’ the doctoral degree offered by the flagship of the UM system, UM-Columbia. To circumvent this, Sturgeon and others worked very hard to establish the IPhD program, pointing to its interdisciplinary nature as its differentiating characteristic from the doctoral programs at Colombia. During its first ten years, eight doctorates in economics were awarded.

In the mid-1990s, Sturgeon and Brazelton began expanding the programme. Anticipating the retirement of four members of the Department, they developed a plan to more deeply ground the IPhD program (and indeed the Department as a whole) in institutional and Post Keynesian economics and thereby elevate its regional institutional reputation to a national and even international institutional-Post Keynesian reputation. That plan was executed in 1999 when Randall Wray (a student of Hyman Minsky and Washington University) and Mathew Forstater (a student of Robert Heilbroner and New School University) were hired and followed soon thereafter with the hiring of Frederic Lee (2000, a student of Alfred Eichner and Rutgers University), Stephanie Kelton (*nee* Bell) (2002, a student of Ed Nell and New School University), Erik Olsen (2005, a student of Richard Wolff and Stephen Resnick and University of Massachusetts-Amherst), and Linwood Tauheed (2006, a student of Sturgeon and UMKC) all of whom are heterodox economists: institutionalists, Post Keynesians, and/or Marxists with some social and feminist economics thrown into the mix. Other faculty who have joined the Department in various capacities include John Henry, who joined the Department in 2002 after retiring from the California State University-Sacramento and counts Wray and Kelton as his students before they went on to graduate school; Jan Kregel, who joined the Department as a visiting research professor and was a student of Paul Davidson and also taught Lee when

he was a graduate student at Rutgers University; lecturers Ben Young and Mike Kelsay, who both received their MAs at UMKC before completing their Ph.Ds at Oklahoma and Tennessee, respectively; and William Black, who joined the Department with a joint appointment in the Law School in 2006.

Overall, the Department's undergraduate and graduate economics programmes introduce students to Post Keynesian, institutionalist and other heterodox perspectives. In the undergraduate program, the required microeconomics and macroeconomics courses include a discussion of both mainstream and heterodox theory. In addition, majors are required to take a course in institutional economic theory and another in the history of economic thought. A number of elective courses are offered, such as radical political economy, monetary theory, environment, urban, economic history and race and gender, in which heterodox approaches play a dominant role. Moreover, most of the undergraduate courses include aspects of the history of thought. For the MA programme, the required courses include advanced microeconomics, macroeconomics, econometrics and Institutional theory. While the micro course covers mainstream micro, it does so from a very critical historical perspective, starting with the students reading Marshall's *Principles of Economics*. In contrast, in the macro course, students are presented with both mainstream and Post Keynesian views. The elective courses include those listed above as well as advanced political economy, economic policy and monetary theory.

The IPhD programme in economics is perhaps unique in the world. It consists of two components: a major concentration in economics consisting of 10-12 courses and a minor concentration in some area outside of economics, such as mathematics, history or geosciences, consisting of 4-5 courses. Part of the IPhD program is based on the required

courses in the MA programme as well as required doctoral courses in microeconomics, macroeconomics, political economy, history of thought and econometrics. The programme embraces heterodox economics to an even greater extent than at the undergraduate or the MA level. The microeconomics course concentrates solely on heterodox micro, while the macro course places a much greater emphasis on Post Keynesian macroeconomics and the political economy course covers the provisioning process, feminist economics, black political economy and the origins of capitalism. In addition, there are doctoral elective courses on advanced heterodox theory, financial macroeconomics, the history of economic thought and monetary theory and policy. Finally, the comprehensive theory examination, which covers micro, macro, political economy and their interrelationship, emphasizes institutional, Post Keynesian, Marxian, and other heterodox theories.

The strengths of the UMKC doctoral programme in terms of its contribution to heterodox economics lie in four areas: Post Keynesian macroeconomics and Chartalism, institutional-social economics, heterodox microeconomics, and, in a very particular way, the history of economic thought. Each of these areas created a range of activities that promoted and developed doctoral education and transformed the Department's regional reputation into a national and international reputation. When Forstater and Wray arrived at UMKC in 1999, they brought with them the Center for Full Employment and Price Stability (C-FEPS). Started circa 1996 with the support of Warren Mosler, C-FEPS was initially an informal policy institute whose mission was to promote research in the areas of functional finance and Chartalism and public discussion of issues relating to monetary, budgetary and employment theory, history and policy. However, once at UMKC, it became a formal research institute, with Forstater as its director, Pavlina Tcherneva as its

associate director, Wray as its research director, and Kelton as a senior research associate. Since its inauguration, C-FEPS has brought in Kregel on an annual basis to teach a course in financial macroeconomics, as well as many guest speakers, including James K. Galbraith, Harald Hagemann, Alain Parguez, Gary Dymski, Ed Nell, Nancy Ros, and Sumner Rosen. But perhaps the most enduring contribution of C-FEPS to heterodox economics at UMKC was its sponsorship of the Post Keynesian International Workshop and summer school from 2002 to 2008. At this biannual extravaganza in Post Keynesian-institutional-heterodox economics, students and professors from UMKC and around the world talked, argued, discussed and learned from each other. Many former students to this day remember with fondness the intellectual excitement of the summer schools. Given the faculty's interest in Post Keynesian macroeconomics and Chartalism, combined with the support of C-FEPS, a number of outstanding dissertations have been written on the US budget (Joelle Leclaire 2006), central banking (Eric Tymoigne 2006), foreign direct investment and China's economic development (Yan Liang 2007), full employment and price stability in developing countries (Fadhel Kaboub 2006), fiscal policy (Pavlina Tcherneva 2008) and an instrumental approach to full employment (Michael Murray 2010).

As noted above, institutional economics has been a defining feature of the Department since 1946. In addition to the taught courses, there is a monthly seminar on pragmatism and institutional economics. Moreover, doctoral students are encouraged to join the Association for Evolutionary Economics (AFEE) and the Association for Institutional Thought (AFIT) and present papers at their annual meetings. And they have done so with enthusiasm, with ten to fifteen former and current students presenting papers at these annual meetings and ten students getting the AFIT Student Research Award

between 2006 and 2010. Along with institutional economics, the Department also introduces students to social economics and supports their interest in Catholic social thought and teaching. Consequently, many dissertations are quite infused with institutionalist ideas and arguments; another was written on the institutional approach to economic development (Jairo Parada 2005), and others have been written on Catholic social thought (Douglas Meador 2007; David Harris 2008; Jeremy O'Connor 2010).

UMKC is one of a very few places where undergraduate students are introduced to heterodox microeconomics as a component of their introductory and intermediate micro courses. The doctoral students, on the other hand, are required to take a course in it. The course covers the 'conventional' topics found in any microeconomics course: circular production, business enterprise, production and cost theory, pricing, demand, market governance and the microfoundations of macroeconomics. It is supplemented by courses on heterodox linear production models, American economic history and industrial economics and by the various heterodox summer schools and international conferences held at UMKC. Two excellent dissertations that engage with heterodox micro topics have been written: one on the microfoundations of effective demand (Tae-Hee Jo 2007) and the second on the household in heterodox economic theory (Zdravka Todorova 2007), with the latter winning the Veblen 150 Prize Competition sponsored by the European Association for Evolutionary Political Economy (EAEPE) and AFEE.

The history of economic thought has a rather particular place in the Department. As noted above, doctoral students are required to take a course in the history of thought and the Department offers two additional seminars in thought and history of economics. Its main purpose in the programme is to provide historic context for the theoretical issues that are

raised in the process of the Department's training of heterodox economists. Unlike most (orthodox) graduate programmes, which provide no such context, it is this Department's philosophy that to properly appreciate theory and theoretical controversies, one must have some understanding of the issues, debates and surrounding social environment within which such theoretical structures first appeared, how they were modified over time, and the extent to which they were challenged (successfully or not) in the past. The Department is also concerned with introducing students to theoretical perspectives that have little or no currency in the present, but which represent possible avenues through which current problems or issues can be more successfully addressed than through conventional theory. Essentially, the history of thought component of the doctoral program is not to see it as a 'stand-alone' segment, but to complement and support the main theoretical directions of the Department and to provide students with a better sense of the contexts within which theories were developed.

In the mid-1990s Sturgeon and Brazelton concocted a plan to put UMKC on the national and international heterodox map—and their plan is a resounding success. Since 2000, its faculty and their former students held positions in eight heterodox associations, were members of the editorial boards of five heterodox journals, and are among the most active heterodox economists; in addition Lee is the editor of the *American Journal of Economics and Sociology* while former student Jo is the co-editor of the *Heterodox Economics Newsletter*. Additional evidence of success is a recent ranking of mainstream and heterodox departments, where UMKC is ranked among the top thirty of all US economic departments and in the top two of heterodox departments (Lee 2010). Finally, and perhaps the most tangible proof of success in producing doctoral students, nine former

and current UMKC students are contributors to this volume: Flavia Dantas, Gyun Gu, Yeva Nersisyan and Robert Scott, in addition to the previously mentioned Jo, Leclaire, Tcherneva, Todorova, and Tymoigne.

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