

Minor in Heterodox Economics

A Pluralistic Perspective on Economics



Rethink the economy. Challenge the model. Join us!

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What is Economics?

The study of economics does not seem to require any specialized gifts of an unusually high order. Is it not, intellectually regarded, a very easy subject compared with the higher branches of philosophy or pure science? Yet good, or even competent economists, are the rarest of birds. An easy subject, at which few excel! The paradox finds its explanation, perhaps, in that the master-economist must possess a rare combination of gifts. He must reach a high standard in several different directions and must combine talents not often found together. He must be mathematician, historian, statesman, philosopher — in some degree. He must understand symbols and speak in words. He must contemplate the particular in terms of the general and touch abstract and concrete in the same flight of thought. He must study the present in the light of the past for the purposes of the future. No part of man's nature or his institutions must lie entirely outside his regard. He must be purposeful and disinterested in a simultaneous mood; as aloof and incorruptible as an artist, yet sometimes as near to earth as a politician.

John Maynard Keynes

Economics as a discipline is a specialized, scientific, factual body of knowledge that endeavors to develop theoretical explanations of real economic activities that connect acting persons qua house-

holds with the flow of goods and services needed to sustain their existence and promote their well-being over time.

Fred Lee

What is Heterodox Economics?

Heterodox economics is an umbrella term encompassing many economic theories and approaches that challenge orthodox economics.

Orthodox Economics: According to Lionel Robbins (1898—1984), Economics is ‘a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses’, summing this up by saying that economics is the study of ‘behaviour conditioned by scarcity’.

Heterodox Economics: takes seriously the idea that “economics is the study of the process by which society brings its available resources into production, and the distribution of that production among its members.” It’s a framework for those who want to ask deeper questions about how economies really work — and how they could work differently.

Table 1.1 Heterodox versus orthodox economics: alternative names

Heterodox economics	Orthodox economics
Post-classical paradigm	Neoclassical economics
Political economy	The dominant paradigm
Non-orthodox economics or unorthodox economics	Mainstream economics
Real-world economics	Marginalism
New paradigm economics	Old paradigm economics

Source: Lavoie (2022)

Key Differences in Economic Thinking

1. What is society made of?

Orthodox view: Society is composed of isolated individuals who respond to incentives in predictable ways, each maximizing their utility or profit within constraints.

Heterodox view: Society is structured by institutions, power, and class relations. Economic outcomes result from conflict, coordination, and historical context — not just individual choice.

2. Methodology: What makes a good theory?

Orthodox view: A theory is valuable if it predicts well — even if its assumptions are unrealistic. Models are judged by outcomes, not how closely they reflect the real world.

Heterodox view: Good theories must be grounded in reality. Heterodox economists argue that economics should uncover causal mechanisms, not just fit surface patterns. As Georgescu-Roegen said, “when abstraction loses touch with reality, science becomes dogmatism.”

3. Rationality: How do people decide?

Orthodox view: Agents are fully rational optimizers. Consumers maximize utility; firms maximize profit. Since the rational expectations revolution, agents are assumed to know how the world works.

Heterodox view: Rationality is bounded and shaped by context. People face uncertainty, limited information, and evolving norms. They use rules of thumb, adapt to disequilibria, and learn from social and institutional environments.

4. Scarcity or Abundance?

Orthodox view: Assumes full employment and full capacity — so the economic problem is allocation. Prices signal scarcity and guide efficient distribution.

Heterodox view: Emphasizes reproduction and production. Scarcity is not natural, but socially constructed. Prices reflect production costs and institutional factors — not just resource limits.

5. Individuals or Classes?

Orthodox view: Uses methodological individualism — society is understood through the actions of isolated individuals (e.g., the Robinson Crusoe economy).

Heterodox view: Emphasizes social classes — workers, capitalists, rentiers — whose roles in the economy shape outcomes. Class structures are central to understanding distribution, demand, and economic change.

6. Is economics ideological?

Orthodox view: Claims to be neutral and scientific. But many models idealize capitalism using assumptions that resemble planned economies (e.g., general equilibrium), revealing hidden ideological leanings.

Heterodox view: Acknowledges that all economics is value-laden. Marginalist theory emerged as a response to Marxism and classical political economy, aiming to depoliticize economic questions. Who funds research and frames debates matters — “who pays the piper calls the tune.”

7. Production: how does society reproduce itself materially?

Orthodox view: Starts with Individual focus on firm’s decisions and choice of technique of production based on profit maximization subject to constraints using the exact same marginal method as consumer choice.

Heterodox view: Starts with social focus on industry and industrial relations that encompass class conflict and the wage bargain within historically-specific social milieux.

8. Profits: where do they come from?

Orthodox view: Several different theory abound among such being profit as the reward for abstinence, profit as the economic cost of “waiting”, and profit as the money expression of the marginal productivity of capital. Normal profit (so-called) is conceived as a “necessary cost”.

Heterodox view: Several different theories abound the most well-known being the post-Keynesian mark-up theory and the Marxian exploitation theory. Here profit is often considered as a residual that results from exploitative conditions in labor markets.

Sub-fields of Heterodox Economics

Heterodox economics goes beyond simply challenging orthodox theories — it offers its own rich and diverse frameworks. Some of the most influential include:

- **Complexity Theory** — Explores economies as evolving systems where bounded rationality, adaptation, and interaction among diverse agents lead to emergent patterns. Focuses on dynamics, feedback loops, and path dependence rather than equilibrium.
- **Ecological** — Focuses on the interdependence of economies and the environment, stressing sustainability, resource limits, and the impact of economic activity on ecosystems.
- **Feminist** — Analyzes gender roles, unpaid labor, and reproduction, highlighting how traditional economics often neglects women’s contributions and inequalities.
- **Institutional** — Studies how organizations, power relations, laws, and social norms shape economic behavior and outcomes over time.
- **Marxian** — Focuses on class relations, exploitation, and the dynamics of capitalism. Analyzes how capital accumulation shapes social and economic inequalities.
- **Modern Monetary Theory (MMT)** — Emphasizes the role of sovereign currency issuers in financing government spending, challenging conventional views on deficits and debt constraints.
- **Post-Keynesian** — Highlights the role of uncertainty, effective demand, and the importance of money and finance in the economy. Challenges equilibrium-focused models.
- **Schumpeterian** — Emphasizes the role of innovation, entrepreneurship, and “creative destruction” as drivers of economic growth and structural change.

- **Sraffian** — Centers on the production of commodities by means of commodities, emphasizing prices, distribution, and the critique of neoclassical value theory.
- **Evolutionary** — Views the economy as a constantly evolving system shaped by innovation, competition, and selection processes, inspired by biological evolution.

Each school challenges mainstream assumptions and offers unique insights into economic life.

Heterodox Economics Center



THE UNIVERSITY OF TULSA
Department of Economics

The **Heterodox Economics Center of UTulsa** is dedicated to promoting pluralism in economic thought through rigorous undergraduate education and research. We are developing upper-level courses in Heterodox Microeconomics and Macroeconomics to provide students with the theoretical tools and critical perspectives needed to engage with the evolving field. Embracing scientific and institutional pluralism, the Center aims to expose students to diverse approaches, fostering independent thinking and inquiry. In an age of AI and automation, we believe that cultivating a strong heterodox foundation is vital to preserving the discipline's integrity and relevance.

Minor in Heterodox Economics

Starting in Fall 2025, the Department of Economics at The University of Tulsa will offer a curated Minor in **Heterodox Economics in the Study of Capitalism** (the "Het minor"). Open to all majors, the Het minor provides a foundational introduction to heterodox economic traditions. The minor includes the following courses:

ECON 1013 – Economics of Social Issues

This course introduces students to Heterodox Economics by situating it in historical context and offering initial conceptual tools. Students explore economic phenomena with a focus on their social dimensions, recognizing economics as a transformative social science. Both orthodox and heterodox approaches, as well as the history of economic thought, serve as frameworks to understand and address current social issues.

ECON 3143 – Comparative Theories of Economic Growth and Distribution

This course explores heterodox macroeconomic theories. Topics include output and employment, business cycles and crises, fiscal and monetary policy, and the role of money and finance. Methodological themes such as effective demand, class conflict, and long-run demand-led growth are explored

through multiple lenses, including Marxian, Classical, Post-Keynesian (e.g., Kalecki, Kaldor, Robinson), Institutional, and Feminist theories. Mainstream models are occasionally referenced for comparison.

ECON 3243 – Comparative Heterodox Theories of Value, Price and Distribution

This course introduces heterodox microeconomic theory. Topics include theories of value and price formation, the role of exchange-value, and how income distribution shapes economic behavior. Theories include Marxian, Sraffian, Post-Keynesian price theory, and Institutional approaches. This course is exclusively heterodox in orientation and does not engage with mainstream microeconomic frameworks.

ECON 4053 – History of Economic Theories

The capstone course for economics majors, covering the evolution of economic thought. It traces key developments from Scholasticism in the 12th century through mercantilism, Classical Political Economy, and into the emergence of neoclassical economics in the post-1870 period. This course provides essential historical context for all economic paradigms.

ECON 3973 – Special Issues in Heterodox Economics

This course requires instructor approval and counts toward the minor when the topic has a heterodox focus. Past topics have included race and political economy, ecological sustainability, feminist economics, and historical critiques of capitalism.

Topics in Heterodox Economics

Capitalism

Even though we live in an economic system called capitalism, we often forget that capitalism is just one of many economic systems that have existed. Throughout history and across the world, there have been many other systems—such as feudalism, mercantilism, agrarian economies, hunter-gatherer economies, colonial economies, and barter systems.

Orthodox economics avoids discussing these alternatives. By treating capitalism as the default—inevitable, permanent, and unquestionable—mainstream economics dismisses the possibility of other systems and promotes the idea that capitalism is the only viable option. In *Principles of Economics* by Gregory Mankiw, for example, the economy is defined—without ever naming capitalism—as “just a group of people interacting with one another as they go about their lives.” This presents the economy as a neutral, harmonious space where equal individuals make decisions freely.

But in reality, economic life is shaped by inequality and power imbalances—especially under capitalism. Heterodox

economics studies how systems like capitalism actually function, and how they are built on unequal relationships: between employers and employees, capitalists and workers, and male and female labor.

FAQ: Are heterodox economists anti-capitalist?

Answer: Not necessarily. Some heterodox economists study capitalism to better understand society, others explore ways to reform it, and some study alternative systems like socialism, democratic planning, and collective production.

Wages

How are wages determined? In mainstream economics, wages are determined by two key factors: at the micro level, by each worker's productivity; and at the macro level, by the supply and demand of labor. For example, if a woman earns a lower wage than a man, orthodox theories might explain this by claiming that the woman is less productive or that the demand for female labor is lower relative to its supply.

Heterodox economics offers a broader and more critical perspective. It argues that wage determination depends on historical, institutional, and social factors—not just individual productivity or market forces. In some cases, wages are shaped by customary norms within a particular occupation. In others, employers may set wages at the minimum level necessary to ensure workers return the next day. Discriminatory factors such as sexism and racism also play a role, as do power dynamics between labor unions and company leadership.

Heterodox economists emphasize that wages are not simply the result of fair negotiation or merit—they reflect deep structural inequalities embedded in the economy.

FAQ: Why do some underpaid jobs stay in high demand such as childcare or teaching?

Answer: Heterodox economists point out that social value doesn't always match market value. Jobs essential to society are often underpaid due to historical discrimination, gender norms, and lack of worker power—not low productivity.

Inequality

Orthodox economics treats inequality as an exception and external to the market. For example, when discussing Black

workers being underpaid or overrepresented in undesirable jobs, orthodox economics assumes that if white and Black employees have equal productivity, there is no rational reason for employers to discriminate. So, if discrimination occurs, it is attributed to personal bias rather than systemic issues.

In contrast, heterodox economics provides more realistic explanations: race, class, and gender inequalities are structural and historical, not accidental. Across countries and throughout history, capitalism has relied on the creation of subaltern groups—marginalized populations who have less access to power, rights, and opportunities. These groups serve as a reserve army of labor, and their presence suppresses wages and disciplines the broader working class.

FAQ: Does heterodox economics study international inequality?

Answer: Yes. Heterodox economists argue that global inequality isn't just a result of internal failures within each country, but is deeply rooted in colonialism, corporate exploitation, resource extraction by the Global North, and global power imbalances.

How to Enroll

Who can enroll?

Students from any major interested in alternative economic ideas and critical analysis.

How is this different from regular economics?

While orthodox economics focuses on individual optimization and market efficiency, we examine social relations, power structures, and historical context. The minor in heterodox economics encourages students to think outside the box and be creative in facing their work environments, lives, and choices.

Visit our website or contact the program coordinator at che@utulsa.edu for information on course requirements and declaration procedures.

Ready to Start?

"Capitalism is not eternal; it is just one economic system among many in history."

— Challenge the model. Rethink the economy. Join the movement.

