SYLLABUS

This course is intended to acquaint students with the development of the principal ways of thinking which constitute macroeconomics today. We will compare and contrast attempts to understand the macroeconomy in accordance with the tenets of neoclassical economics with attempts to develop an understanding related in some way to the ideas of John Maynard Keynes.

Your grade for the course will be determined by results on four homework essays, a midterm exam, and a final exam. The exam on which you make your highest score will count 50% of your grade. The other exam will count 25%, and the average of your grades on the homework assignments will count 25%.

The topics we will cover and the readings for each topic are listed below. The midterm exam will probably be shortly before we finish Topic IV. Keynes's *The General Theory of Employment, Interest, and Money* and Wallace Peterson and Paul Estenson, *Income, Employment, and Economic Growth*, Eighth Edition, should be available for you to purchase in the bookstore. All other readings will be made available to you by me or placed on electronic reserve.

I. The Neoclassical Macroeconomic Model
   Stephen McCafferty, *Macroeconomic Theory*, Chap. 1
   Peterson and Estenson, Chap. 3

II. Keynes's Critique of Neoclassical Macroeconomics
   Keynes, Chaps. 1, 2, 14

III. Keynes's Theory and Subsequent Developments in Understanding Consumption and Investment
   Keynes, Chaps. 3, 11, 13, 15, 18, 19, 22
   Peterson and Estenson, Chap. 4, pp. 100-131, and Chap. 8
   Robert Hall and John Taylor, *Macroeconomics*, Chap. 10
   Michael Evans, *Macroeconomic Activity*, Chap. 4

IV. The IS-LM Model
   John Hicks, “Mr. Keynes and the ‘Classics’: A Suggested Interpretation,” *Econometrica* 5 (1937)
   Peterson and Estenson, Chap. 4, pp. 131-141; Chap. 6; Chap. 11, pp. 400-427; and Chap. 12
   Laurence Harris, *Monetary Theory*, Chap. 12, pp. 234-243, and Chap. 21
James Tobin, “Real Balance Effects Reconsidered,” in *Asset Accumulation and Economic Activity*

V. New Classical Macroeconomics

VI. New Keynesian Macroeconomics
Costas Azariadis and Joseph Stiglitz, “Implicit Contracts and Fixed-Price Equilibria,” in Mankiw and David Romer, eds., *New Keynesian Economics*
Blanchard and Lawrence Summers, “Hysteresis in Unemployment,” in Mankiw and Romer, *op. cit.*

VII. Post Keynesian Macroeconomics
Randall Wray, *Money and Credit in Capitalist Economies*, Chaps. 3, 6
Michał Kalecki, “Political Aspects of Full Employment,” in *Selected Essays on the Dynamics of the Capitalist Economy, 1933-1970*