August 13, 2021

Harvard University

Economics 1936
Keynes

https://canvas.harvard.edu/courses/91642

Fall 2021

Stephen A Marglin

As I write this, I am still unsure how the class will work. The current mandate is for masks all around unless a way can be found for the lecturer to be 14 feet from the nearest (masked) student. I have never lectured with a mask on, and I don't know how well you will understand me (or I will understand your questions). The course is slotted to meet Tu-Th from 3 to 5 pm. The actually meeting time will vary between 1.5 and 2 hours, depending on the number and complexity of your questions and comments. (Last year, remote instruction made such long sessions a recipe for Zoom fatigue. Shorter sessions made it necessary to rush to get through the material—which in the event I did not succeed in doing.) I expect there will be at least one section, time(s) to be determined. No new material will be introduced in section meetings. Their purpose is to clarify lectures and readings. The TF for this course is Benji Niswonger.

Contact information

My email is smarglin@harvard.edu This is the most reliable way of reaching me. My home phone number is 413 259 1468, but I get a lot of spam calls and messages, and real messages sometimes fall between the cracks. My cell phone, 413 345 1662, usually works for text messages and phone calls but messages are inexplicably delayed, especially when I need them.

Benji Niswonger's email is niswonger@g.harvard.edu.

Office Hours

My regular office hours are Tuesdays 5-6, no appointment needed. If that is not convenient, contact me and we can arrange another time to meet. Benji will post his office hours in due course.

Course Objectives

I have two purposes in this course, first to provide a different approach to economics from the dominant one, a critical approach that does not start from the model of a perfectly competitive economy in which the allocation of resources is efficient. And then adds epicycles of rigidities, imperfections, etc to explain real-world phenomena. My starting point rather is one in which conflict as well as harmony are intrinsic to economic interaction, so that distributional considerations are as important as efficiency.

A second, more specific, objective is to build on the vision of John Maynard Keynes's *General Theory* to provide the outline of an alternative macro theory.

Course Description: Short Version

This course explores the birth, death, and resurrection of *The General Theory of Employment, Interest and Money* from the Great Depression to the Great Recession. A major goal is to lay out a coherent argument that, for all its theoretical innovation, *The General Theory* did not deliver: the argument why a market system, even an idealized system with all of the warts removed, may fail to provide jobs for willing workers. In the process we will examine the orthodoxy that Keynes attacked and that resurfaced before the ink was dry on *The General Theory*; the key concepts underlying the models implicit in *The General Theory*; and the attempts of the "Keynesian" mainstream to make peace with both Keynes and orthodoxy. We will also explore the applicability of *The General Theory* to the long run. At the end of the course we will briefly examine the causes of the financial crash of 2008 and the ensuing Great Recession and the relevance of the theories developed in this course to the pandemic economy in 2020 and its likely aftermath.

Prerequisites: For the record, Economics 1010b or 1011b is required, but this requirement can be waived by petition if the petitioner's background appears sufficient. The *very* minimum is an introductory economics course at the level of Economics 10. No math is required, but a year of college calculus will help students to understand mathematical notation and the mathematical concepts (derivatives, maximization, etc) behind the economic arguments, which will in turn facilitate understanding the course material. Fair warning based on past experience: this will likely prove a very difficult course if one comes to it with the bare minimum of background.

Course Description

This course is an alternative to the standard fare offered in the economics department in two senses. First it is an alternative approach in that it challenges the orthodox view that a market economy is in principle self-regulating. It is as well an alternative in the more narrow sense of providing a specific macro theory that fleshes out the insights of *The General Theory.*

Ec 1936 challenges what a generation of students of macroeconomics have been taught about the determination of employment and output. In my course you will learn why flexible wages are not sufficient to restore full employment after a shock to the economic system; why interest rates are not determined by saving and investment but in markets for financial assets, by stocks rather than by flows—and what difference this makes; why demand management is necessary over the long run as well as in the short run; why fiscal policy is a necessary tool not only to avoid unemployment but also for achieving the right mix of output, and why budget deficits may be appropriate even when the economy is running hot.

> The difficulty lies, not in the new ideas, but in escaping from the old ones, which ramify, for those brought up as most of us have been, into every corner of our minds. (John Maynard Keynes, *The General Theory of Employment, Interest and Money,* preface)

Mainstream theories start from the assumption that a perfectly competitive economy—one in which agents do not have market power and in which there are no frictions or rigidities—will deliver an efficient allocation of resources, including a job for every willing worker. It follows that involuntary unemployment is the result of one imperfection or another. The standard view also sees imperfections as limited to the short period; time cures all ills

Why should anyone care about how a perfectly competitive economy functions, whether or not it produces full employment? We all know that the world is full of monopoly and oligopoly; that trade unions make the labor market less than perfectly competitive; that the government intervenes in myriad ways, beginning with the safety net it provides, porous as that net is in this country. The world is full of rigidities—prices, and especially wages that don't adjust promptly to imbalances of demand and supply. The world is also replete with frictions. Isn't this the model we should be studying rather than an idealized version of the economy which nobody, not even the most diehard defender of orthodoxy, believes is an adequate description of the real world?

In part, we study the perfectly competitive model to understand basic forces at work in the economy, just as physicists study a falling body in a vacuum to understand the basic force of gravity. But there is more to it than that: economists have another objective. Physicists, so far as I know, have no ambition to remove the air we breathe in order to make the world more like the model. By contrast, economists not only study and diagnose, we prescribe. Case in point: the push to deregulate the economy, especially the financial sector, to make it more like the competitive model, in the last decades of the 20th

century. Arguably, excessive deregulation contributed in important ways to the boom of the first decade of this century—and the ensuing bust.

The heart of Keynes's vision was that there is no automatic mechanism whereby the mainstream view of a self-regulating economy is realized. He wrote the *General Theory of Employment, Interest and Money* to substantiate this vision.

To some extent he succeeded. The *General Theory* created a whole new field—macroeconomics—and Keynes's vision dominated the field for a generation. But the triumph of Keynes was already being undermined in its heyday, and by the time your parents were born, Keynes's insight was transformed into the view that imperfections, frictions, and rigidities were the problem. And with this view came a logical non-sequitur: that imperfections and the rest were necessarily short-run in nature, so the perfectly competitive model, though problematic in the short run, is the appropriate model for the longer period. Hence the surprise at the length of the recession that ensued after the crash of Lehman Brothers in September, 2008, which the mainstream is still struggling to explain.

The story of the rise, fall, and—I hope resurrection—of the *General Theory* is a complex one, and much of this course is taken up with telling this story. The story mixes up politics, the economy, and economics. Last, but not least, economics.

This course will emphasize the economics. In particular how Keynes's failure to articulate his vision allowed the economics profession to assimilate him to the legion of critics who could be marginalized and even dismissed by pointing out that the critique only identified that a good dose of competition would cure. We will spend considerable time on Keynes's failures, even though I come to a very different conclusion from the mainstream about the significance of these failures. My view is that Keynes's failures reflect the fact that he was fighting the mainstream on the wrong battlefield.

Keynes was trying to map uncharted territory, and he lacked the tools to do so. No wonder that, like Moses, he could only glimpse the promised land. No wonder that, like God (and Adam Smith) he had disciples who went off the deep end, in his case, disciples that stretched the idea that aggregate demand matters into the dictum that *only* aggregate demand matters.

We have the tools that Keynes lacked, and a main purpose of this course (and *Raising Keynes*) is to mobilize these tools to develop the theory that eluded him. I firmly believe that Keynes's *General Theory*, while in no way the last word, is the best starting point we have for a macroeconomics of the 21st century.

I sometimes say that I am channeling Keynes in the pursuit of this goal. This is of course absurd. Despite all the ink spilled over the question of what Keynes *really* meant, in the end we cannot know. And while it is an interesting question on which to speculate, it doesn't matter what Keynes meant. I may be a pygmy standing on the shoulders of a giant, but I have tools he lacked as well as the benefit of 80+ years of critique and counter-critique. I may indulge the thought that Keynes would have come to the same argument I do, but what matters is whether the theory I put forward allows us not only to understand the vision that animated Keynes, but, more importantly, whether it helps us to understand how the economy works and what policies will make it work better. That is the real purpose of this course.

Course Organization

This course has two principal texts, Keynes's *General Theory of Employment, interest and Money*, and my recently published book, *Raising Keynes: A Twenty-First-Century General Theory.* My book is written to be accessible with a minimum of math preparation. For the most part, the math is in separate appendices, which will clarify the argument for those with calculus and a bit of linear algebra, but are not necessary and are not assigned. As you will see in the Reading List there are other articles and book chapters, mostly optional, that illuminate specific issues. The readings are complemented by lectures built around PowerPoint slides mostly adapted from *Raising Keynes.* These lectures are meant to inspire questions and observations. You will get much more out of time together in class if you read the material ahead of time. Section meetings are designed to clarify material from the readings and lectures. Judging from student comments on last year's course, Benji did—and will do—a superb job.

Assignments

There will be approximately eight "problem sets," the inverted commas indicating something different from what you may be used to in other economics courses. The problem sets in this course will generally require you to answer questions prompted by the readings. Your principal tools will be verbal arguments and diagrams, not mathematical derivations and numerical calculations.

You are encouraged to work collaboratively on the problem sets, but I require each of you to submit your own answer paper. Benji and I will make every effort to return these papers to you with our comments within a week, along with a model "answer key," the inverted commas here indicating that the answer is one correct way of answering the question, not the only way.

There will be closed-book midterm and final exams, which will constitute the main assessment of your understanding of this course. These are to be done independently, with no consultation with others or with books, papers, or notes. The midterm will be written to be answered in 1.5 hours and the final exam in 3 hours, but you will have much more time than this.

Required reading in boldface

* indicates supplementary reading

One: Keynes's *General Theory* as policy, theory and method. Why did the *GT* soar like a bird, then fall like a rock? What is its future? The origins of the *General Theory* in the Great Depression. What were they thinking before Keynes? What was Keynes's critique?
(2 meetings, September 2 – September 9; no meeting September 7, Rosh Hashana)

Just for fun:

1. * "Stephen (Colbert) Learns Macroeconomics on a Roller Coaster," https://youtu.be/ir7lwqnPlrg

Overviews of Keynes

1. **R Backhouse and B Bateman. "Keynes, John Maynard (new perspectives)." *The New Palgrave Dictionary of Economics. Second Edition.* Eds. Steven N. Durlauf and Lawrence E. Blume.**
2. ***Time*, "The Economy: We Are All Keynesians Now," December 31, 1965.**
3. *R Skidelsky, *Keynes: The Return of the Master*, ch 3, pp 55-74.
4. *J Schumpeter, *Ten Great Economists: From Marx to Keynes,* ch 10, pp 260-291.
5. * P Samuelson, "Lord Keynes and the General Theory," *Econometrica,* 14:187-200, 1946.
6. *Veritas Foundation, *Keynes at Harvard: Economic Deception as a Political Credo*, ch 4-6, pp 41-85.

Is This Resurrection Necessary?

1. *D Laidler, *Fabricating the Keynesian Revolution*, Chapter 1, pp 1-24
2. **S Marglin, *Raising Keynes*, Prologue and ch 1.**

Then and Now: The Human Costs of the Great Depression (1929-1939) and the Great Recession (2008-?)

1. *R Evans, The Coming of the Third Reich, pp 232-265.
2. **D Kennedy, *Freedom From Fear*, ch 2, 6, pp 43-69, 160-189.** Optional: *ch 7-8, pp 190-248.
3. *L Thomas, "Middlesbrough, a Faded Industrial Town, Is Feeling the Budget Cuts in Britain," *New York Times*, March 11, 2011
4. *M Martens, "Generation der gepackten Koffer," *Frankfurter Allgemeine Zeitung,* June 28, 2011.

5. **F Ehlers, "Italy's Lost Generation: Crisis Forces Young Italians to Move Abroad," *Der Spiegel Online,* August 6, 2012.**

What Were They Thinking? Economics Before *The General Theory*

Is the Economy Self-Regulating? Why Doesn't the Economy Get to Full Employment? What Was Keynes Struggling Against?

1. *A C Pigou, *The Theory of Unemployment*, Part 5, ch 3, pp 252-256.
2. **J Viner, *Balanced Deflation, Inflation, or More Depression,* Minneapolis: University of Minnesota Press, 1933**
3. *J Viner, "Inflation as a Possible Remedy for the Depression," *Proceedings of the Institute of Public Affairs,* University of Georgia, 7th Annual Meeting , May 8-16, 1933, Athens GA, 1933
4. **S Marglin, *Raising Keynes,* ch 2.**

Can Government Stimulate the Economy?

1. *R Hawtrey, "Public Expenditures and the Demand for Labour," *Economica*, 13:38-48, 1925.
2. *G Peden, "The 'Treasury View' on Public Works and Employment in the Interwar Period," *Economic History Review, 37:167-181, 1984.*

How is The Price Level Determined?

1. *D Hume, "Of Money," in *Political Discourses,* pp 27-39. http://ia600407.us.archive.org/31/items/humespolitical00humeuoft/humespolitical00humeuoft.pdf
2. **I Fisher, "Recent Changes in Price Levels and Their Causes," *American Economic Association* 1:37-45, 1911.**
3. **J L Laughlin, "A Theory of Prices," *Publications of the American Economic Association*, 3rd Series, 6:66-83, 1905.**
4. *J L Laughlin, "Causes of the Changes in Prices Since 1896," *American Economic Review*, 1:26-36, 1911
5. *"Money and Prices: Discussion," *The American Economic Review* 1:51-70, 1911.

Perspectives on the Macroeconomy: Monetarists, New Classicals and New (and old) Keynesians

1. *M Friedman, "The Quantity Theory of Money," *The New Palgrave Dictionary of Economics,* v 4, pp 3-20
2. *M Friedman, "The Role of Monetary Policy," *American Economic Review* 58:1-17, 1968

3. *H Johnson, "The Keynesian Revolution and the Monetarist Counter Revolution," *American Economic Review,* 61:1-14, 1971.
4. *J B De Long, "The Triumph of Monetarism?," *Journal of Economic Perspectives*, 14:83-94, 2000.
5. *R Lucas, "Methods and Problems in Business Cycle Theory," *Journal of Money, Credit and Banking*, 12: 696-715, 1980
6. *D Romer, "The New Keynesian Synthesis," *The Journal of Economic Perspectives*, 7: 5-22, 1993.
7. *R Solow, "Toward a Macroeconomics of the Medium Run," *Journal of Economic Perspectives* 14:151-158, 2000.
8. *V Chari and P Kehoe, "Modern Macroeconomics in Practice: How Theory is Shaping Policy," *Journal of Economic Perspectives,* 20:3-28, 2006.
9. *R Solow, "The State of Macroeconomics," *Journal of Economic Perspectives,* 22:243-249, 2008.

Two: The Ambiguous Argument of *The General Theory* (3 meetings, September 14 – September 23; no meeting September 16, Yom Kippur)

1. **J M Keynes, *The General Theory of Employment, Interest and Money*, ch 1-3, ch 1**8.
2. *D Laidler, *Fabricating the Keynesian Revolution,* ch 10, pp 247-276.
3. *D Laidler, "Keynesian Revolution," in *The New Palgrave Dictionary of Economics*. Second Edition. Eds. Steven N. Durlauf and Lawrence E. Blume. Palgrave Macmillan, 2008. The New Palgrave Dictionary of Economics Online. Palgrave Macmillan. 06 May 2011
4. *A Lerner, *The Economics of Control,* ch 22, pp 271-281.
5. **S Marglin*, Raising Keynes,* ch 3**

Countercritique

1. *J Hicks, "Mr. Keynes and the Classics: A Suggested Interpretation," *Econometrica*, 5:147-159, 1937.
2. ***Skim* F Modigliani, "Liquidity Preference and the Theory of Interest and Money," *Econometrica,* 12:45-88, 1944.**
3. *A C Pigou, "The Classical Stationary State," *Economic Journal,* 53: 343-351, 1943.
4. **A Lerner, *The Economics of Control,* ch 22, pp 281-284; ch 23, pp 285-301.**
5. **S Marglin, *Raising Keynes*, ch 4.**

What is Money? Is it Fixed Outside the System (Exogenous), or Created Within (Endogenous)?

1. *M Friedman, "The Quantity Theory of Money," *The New Palgrave Dictionary of Economics,* v 4, pp 3-10.
2. **A M Innes, "What is Money?" *The Banking Law Journal*, 30:377-408, January-December, 1913.**
3. *J M Keynes, "Review of "What is Money?" *Economic Journal,* 24:419-421, 1914.
4. **M Lavoie, *Post-Keynesian Economics: New Foundations*, ch 4.**

Three: *The General Theory* Without Rigid Prices and Wages (3 meetings, September 28 – October 5).

The Price Mechanism: Gospels According to Marshall and Walras

1. *A Marshall, *Principles of Economics* 8th edition, Book 5, ch 3, pp 337-350.
2. *L Walras, *Elements of Pure Economics,* Definitive Edition, trans. W Jaffe, Lessons 5-6, pp 83-106.
3. **K Arrow, "Toward a Theory of Price Adjustment," in *The Allocation of Economic Resources: Essays in Honor of Bernard Haley,* ed. Moses Abramovitz, pp 41-51.**
4. **S Marglin, *Raising Keynes*, ch 5.**

A Model for Chapter 19 of *The General Theory*

1. **J M Keynes, *The General Theory,* ch 19.**
2. **I Fisher, "The Debt-Deflation Theory of Great Depressions," *Review of the International Statistical Institute*, 1:48-65, 1934.**
3. **S Marglin, *Raising Keynes,* ch 6-7.**
4. *J Tobin, "Price Flexibility and Output Stability," *Journal of Economic Perspectives*, 7:45-65, 1993.
5. *J Hicks, *The Crisis in Keynesian Economics*, ch1, pp 22-30 (on flexprice vs fixprice markets).
6. *M Kalecki, "Professor Pigou on 'The Classical Stationary State,' A Comment," *Economic Journal,* 54:131-132, 1944.

7. *D Patinkin, "Price Flexibility and Full Employment," *American Economic Review,* 38:543-564, 1948.

A Dose of Reality: Facts and Figures on the Great Depression

1. S Marglin, Raising Keynes, ch 8.

Alternative Interpretations

1. **M Friedman and A Schwartz, "Money and Business Cycles," *The Review of Economics and Statistics,* Vol. 45, No. 1, Part 2, Supplement (Feb., 1963), pp. 59-63.**
2. **M Friedman and A Schwartz, *A Monetary History of the United States,* pp 691-695.**
3. **P Temin, *Did Monetary Forces Cause the Great Depression?*, pp 1-12, 169-178.**

Four: Basic Elements of *The General Theory* (5 meetings, October 12 – October 26).

The Propensity to Consume (October 12)

1. **J M Keynes, *The General Theory*, ch 8-9.**
2. * P Samuelson, "Full Employment After the War," in S Harris (ed) *Postwar Economic Problems*, pp 27-54.
3. *R Kosobud, "Relative Income Hypothesis," *New Palgrave,* v 4, pp 134-136.
4. * M Darby, "Consumption Function," *New Palgrave*, v 1, pp 614-616.
5. *M Browning and T Crossley, "The Life-Cycle Model of Consumption and Saving," *Journal of Economic Perspectives*, 15:3-22, 2001.
6. **S Marglin, *Raising Keynes*, ch 9.**

Investment Demand (October 14)

1. **J M Keynes, *The General Theory,* ch 11-12.**
2. *R Koppl, "Animal Spirits," *Journal of Economic Perspectives,* 5:203-210, 1991.
3. *H D Henderson, "The Significance of the Rate of Interest," *Oxford Economic Papers* 1:1-13, 1938.
4. *G Smith, "Tobin's q." *The New Palgrave Dictionary of Economics*. Second Edition. Eds. Steven N. Durlauf and Lawrence E. Blume. Palgrave Macmillan, 2008. The New Palgrave Dictionary of Economics Online. Palgrave Macmillan <http://www.dictionaryofeconomics.com/article?id=pde2008_T000070> doi:10.1057/9780230226203.1714.
5. **S Marglin, *Raising Keynes,* ch 10.**

Interest Rates (October 19-21)

1. **J M Keynes, *The General Theory,* ch 13-14.**
2. *J Hicks, *Value and Capital*, ch 11-13.
3. *J Tobin, "Liquidity Preference as Behavior Towards Risk," *Review of Economic Studies,* 25:65-86; if you are math challenged or deprived, *skip* sections 3.3-3.6, pp 74-85; 1958.
4. *J Campbell, "Some Lessons from the Yield Curve," *Journal of Economic Perspectives,* 9:129-152, 1995.
5. **S Marglin, *Raising Keynes*, ch 11-12**

Putting it All Together (October 26)

1. **S Marglin, *Raising Keynes*, ch 13**

Five: What Policies Emerge From *The General Theory?* (3 meetings, October 28 – November 5)

Monetary Policy and Its Limits

1. *M Bordo, "A History of Monetary Policy," *The New Palgrave Dictionary of Economics*. Second Edition. Eds. Steven N. Durlauf and Lawrence E. Blume. Palgrave Macmillan, 2008. The New Palgrave Dictionary of Economics Online. Palgrave Macmillan. <http://www.dictionaryofeconomics.com/article?id=pde2008_H000180> doi:10.1057/9780230226203.1124D
2. *S Wlliamson, "Current Federal Reserve Policy Under the Lens of Economic History: A Review Essay," Working Paper 2015-015A http://research.stlouisfed.org/wp/2015/2015-015.pdf
3. *B Friedman, "The Future of Monetary Policy: The Central Bank as an Army With Only a Signal Corps?" *International Finance* 2:321-338, 1999.
4. *B Friedman and K Kuttner, "Implementation of Monetary Policy: How Do Central Banks Set Interest Rates?," in *Handbook of Monetary Economics,* Volume 3B, ch 24, pp 1346-1399

Fiscal Policy and the National Debt

"Functional Finance" and its Limits

1. **A Lerner, *The Economics of Control*, ch 24, pp 302-322.**
2. **S Marglin, *Raising Keynes*, ch 14.**

Does Stimulus Work?

1. **J M Keynes, *The General Theory*, ch 10.**
2. *R Barro, "Voodoo Multipliers," *Economists' Voice* 6(2), February 2009.
3. *R Gordon and R Krenn, "The End of the Great Depression 1939-41: Policy Contributions and Fiscal Multipliers," NBER Working Paper 16380, http://www.nber.org/papers/w16380, pp1-4.
4. *S Fazzari, "Does the Effectiveness of Fiscal Stimulus Depend on Economic Context?" Institute for New Economic Thinking, INET Research Note 1, Sections 1 and 2. http://ineteconomics.org/sites/inet.civicactions.net/files/Note-1-Fazzari.pdf
5. **J Taylor, "An Empirical Analysis of the Revival of Fiscal Activism in the 2000s," *Journal of Economic Literature* 49(3): Sept. 2011, 686-702.**
6. **Council of Economic Advisers, "The Economic Impact of the American Recovery and Reinvestment Act Five Years Later," February 2014, Executive Summary, pp i-v.**
7. **S Marglin, *Raising Keynes*, ch 15.**

Beyond Full Employment: Functional Finance as a Tool for Achieving Balance Between the Public and Private Sectors

1. **S Marglin, *Raising Keynes,* ch 16, pp 594-602.**

What are the Problems with Continuing Deficits?

1. **National Commission on Fiscal Responsibility and Reform, *The Moment of Truth,* pp 10-13.**
2. **US House of Representatives, Committee on the Budget, *Path to Prosperity,* "Deficits and Debt," pp 18-23.**
3. **C Reinhart and K Rogoff, "Growth in a Time of Debt," NBER Working Paper 15639, January 2010.**
4. **S Fazzari, "Does the Effectiveness of Fiscal Stimulus Depend on Economic Context?" Institute for New Economic Thinking, INET Research Note 1, Section 3. http://ineteconomics.org/sites/inet.civicactions.net/files/Note-1-Fazzari.pdf**
5. **S Kelton, "How We Think About the Deficit is Mostly Wrong," *New York Times*, October 5, 2017.**
6. **B Friedman, *Day of Reckoning,* ch 1, pp 3-27.**
7. **B Friedman, *The Moral Consequences of Economic Growth,* ch 1 and 4, pp 3-18 and 79-102.**
8. **S Marglin, *Raising Keynes,* ch 16, pp 602-627.**

Six: *The General Theory* as Growth Economics (3 meetings, November 9 – November 16)

First Steps into the Long Run: Harrod, Domar, Solow, and Robinson

1. *R Harrod, "An Essay on Dynamic Theory," *Economic Journal*, 49:14-33, 1939.

2. *E Domar, "Expansion and Employment," *American Economic Review,* 37:34-55, 1947.
3. *R Solow, "A Contribution to the Theory of Growth," *Quarterly Journal of Economics,* 70:65-94, 1956.
4. *J Robinson, "A Model of Accumulation," in *Essays in the Theory of Economic Growth,* ch 2, pp 22-87.
5. **S Marglin, *Raising Keynes,* ch 17.**

Keynes in the Long Run

Alternative Long Run Visions

1. **A Hansen, "The Stagnation Thesis," in A Smithies and K Butters (eds), *Readings in Fiscal Policy*, ch 34, pp. 540-557.**
2. **J Schumpeter, "Economic Possibilities in the United States," in A Smithies and K Butters (eds), *ibid*, ch 33, part 5, pp 533-539.**
3. **L Summers, "The Age of Secular Stagnation: What It Is and What to Do About It," *Foreign Affairs*, 95:2, March-April, 2016, pp 2-9**

A Model of the Long Run in the Spirit of Keynes

1. *W A Lewis, "Economic Development With Unlimited Supplies of Labor," *The Manchester School*, 22:139-191, 1954.
2. *J Duesenberry, *Business Cycles and Economic Growth,* ch 14 part II ("Adjustment of Labor Supply to Demand"), pp 309-315.
3. **S Marglin, *Raising Keynes,* ch 18-19.**

Seven: The Crisis of 2008 and Beyond (1 meeting, November 18).

1. *Financial Crisis Inquiry Commission, *Financial Crisis Inquiry Report,* (majority's conclusions) pp xv-xxviii; (minority dissent) 413-419: (separate minority dissent) 443-447.
2. *R Shiller, *The Subprime Solution,* ch 2-3.
3. *R Rajan, *Fault Lines,* ch 1.
4. *L Kendall, "Securitization: A New Era in American Finance," in L Kendall and M Fishman, *A Primer on Securitization*, ch 1, pp 1-16.
5. *E Benmelech and J Dlugosz, "The Alchemy of CDO Credit Ratings," *Journal of Monetary Economics,* 56:617-634, 2009.
6. *B Keys, T Mukherjee, *et al*, "Did Securitization Lead to Lax Screening? Evidence from Subrprime Loans," *Quarterly Journal of Economics,* 125: pp 307-362, 2010.
7. *M Lewis, *The Big Short*, ch 6.
8. **B Eichengreen, *Hall of Mirrors,* ch 22-26 and Conclusion.**

Eight: Summing Up (1 meeting, November 30)

1. **S Marglin, *Raising Keynes,* Epilogue.**