

Department of Economics
University of Toronto
Fall 2014

ECO 407

Competing Views in Macroeconomic Theory and Policy

INSTRUCTOR

Gustavo Indart
Department of Economics
150 St. George Street, Room 175
Telephone: 416-978-5331
E-mail: g.indart@utoronto.ca
Website: <http://www.economics.utoronto.ca/gindart/>

OFFICE HOURS

Monday, 9:00 – 10:00 AM

COURSE DESCRIPTION

This course provides students with a systematic analysis of competing perspectives on key areas of macroeconomic theory and policy. The aim of the course is to help economics students develop their critical skills by highlighting the strengths and weaknesses of current macroeconomic theory as articulated by their defenders and critics. Special attention will be paid to competing views regarding key fiscal, monetary, and trade policy issues as applied to Canada.

REQUIRED TEXTBOOKS

- Hassan Bougrine and Mario Seccareccia, *Introducing Macroeconomic Analysis: Issues, Questions, and Competing Views*. Toronto: Emond Montgomery Publications Ltd., 2010.
- Ha-Joon Chang, *23 Things They Don't Tell You about Capitalism*. New York: Bloomsbury Press, 2010.

COURSE REQUIREMENTS

- **Critical Reflection I** – A written **critical reflection** on an economics article to be assigned on **September 25**. Submission will be due at the beginning of class on **October 9**. The reflection should be about 800 words in length (3 to 4 double-space pages). **Late penalty: 5 percentage points per day.**
- **Critical Reflection II** – A written **critical reflection** on the required readings of one of the sessions (see guidelines below). The reflection should be about 800 words in length (3 to 4 double-space pages). Please be ready on **September 18** to provide a list of **three** sessions, beginning with session 6, on whose required readings you would like to write your critical reflection. Within 48 hours, you will receive an e-mail with information about the assigned session for your critical reflection. Submission will be due at the beginning of class of the assigned session. **Please note that late submissions will not be accepted.**

Guidelines on Writing the Critical Reflection on Required Readings

1. This assignment involves the submission of a critical reflection on (not one but) all the required readings of the session assigned to you.
2. The critical reflection should be no more than 3-4 pages in length (about 800 words). The emphasis is on concise, focused thought. You need to identify each of the authors' *main* thesis, and respond critically to that thesis. The latter implies that you must take a clear and coherent position on the issues discussed. You must, therefore, advance your own thesis statement which will serve as the guiding framework of your critical reflection.
3. You will receive a brief, written evaluation of your submissions within two weeks. The evaluation will be based on the following criteria:
 - effectiveness in taking a clear and critical position on issues
 - capacity to synthesize complex ideas
 - familiarity with the material you have selected to review
 - clarity and conciseness of expression.
4. More complete general instructions as to how to complete this assignment can be found on the course website at <http://www.economics.utoronto.ca/gindart/Writing407.htm>.

- **Term paper** – This essay should be on a topic related to any of the weekly course themes. This paper will be due at the beginning of class on **November 13** for most students, and on November 20 for those students who must submit their critical reflection on November 13. The essay must reflect readings beyond the sources listed in this outline. The paper should be about 4,000 words in length (about 16 double-space pages). **Late penalty: 5 percentage points per day.**

A two-page tentative **outline** of the term paper, including the title, main theme, sub-sections, and a preliminary bibliography of at least five key **academic** readings will be due at the beginning of class on **October 16**. **There will be a penalty for late submission of 5 percentage points (of the term paper grade) per day.**

- **Term test** – A test covering the term's work will be written on **December 3** from 10:00 AM to 12:00 noon in a location to be announced.
- **Class participation** – Participation in class discussions will also form part of the total mark. Students must read the required readings in advance in order to have a stimulating discussion.

ELECTRONIC SUBMISSIONS

Note that, in addition to providing a hard copy, students will be asked to submit their critical reflections and term papers to Turnitin.com for the detection of possible plagiarism. The detailed procedures for submission will be announced later.

The University requires that the following paragraph be included in the syllabus of all courses using Turnitin.com:

"Normally, students will be required to submit their course essays to Turnitin.com for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of the Turnitin.com service are described on the Turnitin.com web site".

Please note that you are not obligated to submit your paper to Turnitin.com. If you object to submit your paper to Turnitin.com, let me know by September 25 and I will offer you a reasonable offline alternative.

COURSE EVALUATION

The breakdown of the term grade will be as follows: 1) each of the two critical reflections will count for 15% of the final mark; 2) the term paper will count for 35% of the final mark; 3) the term test will count for 25% of the final mark; and 3) class participation will count for the other 10% of the final mark.

GUIDELINES FOR WRITING THE TERM PAPER

There are several Writing Centres at the University of Toronto where you can receive helpful information to guide you in writing an academic essay. A list of these Writing Centres can be accessed at <http://www.writing.utoronto.ca/writing-centres/centres>. More general advice on academic essay writing can also be electronically accessed at <http://www.writing.utoronto.ca/advice/general/general-advice>.

ACADEMIC INTEGRITY

Academic integrity is one of the cornerstones of the University of Toronto. It is critically important both to maintain our community which honours the values of honesty, trust, respect, fairness and responsibility and to protect you, the students within this community, and the value of the degree towards which you are all working so diligently.

According to Section B of the University of Toronto's *Code of Behaviour on Academic Matters* (www.utoronto.ca/govcncl/pap/policies/behaveac.html) which all students are expected to know and respect, it is an offence for students:

- To use someone else's ideas or words in their own work without acknowledging that those ideas/words are not their own with a citation and quotation marks, i.e. to commit plagiarism.
- To include false, misleading or concocted citations in their work.
- To obtain unauthorized assistance on any assignment.
- To provide unauthorized assistance to another student. This includes, for instance, showing another student an answer in a test.
- To submit their own work for credit in more than one course without the permission of the instructor.
- To falsify or alter any documentation required by the University. This, includes, but is not limited to, doctor's notes.
- To use or possess an unauthorized aid in any test or exam (e.g., a cell phone).
- To submit a medical note to get out of a test when the student is not actually sick.
- To continue writing when the time is up in any test or exam.

There are other offences covered under the Code, but these are by far the most common. Please respect these rules and the values which they protect.

COURSE OUTLINE AND READING ASSIGNMENTS

This outline identifies required readings for each topic (*) plus select supplementary readings. You should find the latter useful in preparing your critical reflection and essay and following up on a subject which particularly interests you. Newspaper or magazine articles might also be added as helpful, supplementary readings from time to time. Obviously, you must read the required readings each week if we are to have a stimulating class discussion.

1. *The Market System and the Public Sector (September 11)*

*Watson, W., "Let the Market Work!' The Market and the Public Sector," in *Introducing Macroeconomic Analysis*, Chapter 1, pp. 9-21.

- *Prasch, R., "Market, States, and Exchange: An Introduction to Economics," in *Introducing Macroeconomic Analysis*, Chapter 1, pp. 22-32.
- *Chang, H.J., "There Is No Such Thing as a Free Market," in *23 Things They Don't Tell You about Capitalism*, Chapter 1, pp. 1-10.
- *Chang, H.J., "We Are Not Smart Enough to Leave Things to the Market," in *23 Things They Don't Tell You about Capitalism*, Chapter 16, pp. 168-177.

Supplementary Readings:

- Baker, D., *The Conservative Nanny State: How the Wealthy Use the Government to Stay Rich and Get Richer*. Washington, DC: Center for Economic and Policy Research. (Available online at <http://www.conservativenannystate.org>.)
- Bowles, S., "What Markets Can—and Cannot—Do," *Challenge*, Vol. 43, No. 4, 1991, pp. 11-16.
- Chang, H.J., *Kicking Away the Ladder*. London: Anthem Press, 2002.
- Galbraith, J.K., *The Predator State: How Conservatives Abandoned the Free Market and Why Liberals Should Too*. New York: Free Press, 2008.
- Hahnel, R., "The Case against Markets," *Journal of Economic Issues*, Vol. 41, No. 4, 2007, pp. 1139-1159.
- Landes, D., *The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor*. New York: Norton, 1997.
- Minsky, H., *Stabilizing an Unstable Economy*. New Haven, CT: Yale University Press, 1986.
- Prasch, R.E., *How Markets Work: Supply, Demand and the Real World*. Northampton, MA: Edward Elgar, 2008.
- Reinert, E.S., "The Role of the State in Economic Growth," in P.A. Toninelli (ed.), *The Rise and Fall of State-Owned Enterprise in the Western World*, pp. 73-99. Cambridge: Cambridge University Press, 2000.
- Shafaeddin, M., "How Did Developed Countries Industrialized? The History of Trade and Industrial Policy: The Case of Great Britain and the USA," Discussion Paper No. 139, Geneva, UNCTAD, 1998. (Available online at http://www.unctad.org/en/docs/dp_139.en.pdf.)
- Weiss, L., "The Myth of the Neoliberal State," in C. Kyung-Sup, B. Fine and L. Weiss, eds., *Developmental Politics in Transition*, pp. 27-42. Houndmills, England: Palgrave MacMillan, 2012.

2. The Theory of Money (September 18)

[Note: List of critical reflection preferences is due.]

- *Andolfatto, D., "The Theory of Money," in *Introducing Macroeconomic Analysis*, Chapter 2, pp. 35-48.
- *Smithin, J., "The Importance of Money and Debt-Credit Relationships in the Enterprise Economy," in *Introducing Macroeconomic Analysis*, Chapter 2, pp. 49-60.
- *Wray, L.R., "Money," Working Paper No. 647, Levy Economics Institute of Bard College, December 2010. (Available online at http://www.levyinstitute.org/pubs/wp_647.pdf.)

Supplementary Readings:

- Arestis, P. and M. Sawyer (eds.), *A Handbook of Alternative Monetary Economics*. Cheltenham, U.K.: Edward Elgar, 2006.
- Davidson, P. *Money and the Real World*. London: Macmillan, 1978.
- Diamond, D., "Banks and Liquidity Creation: A Simple Exposition of the Diamond-Dybvig Model," *Economic Quarterly*, Vol. 93, No. 2, 2007, pp. 189-200.
- Godley, W. and M. Lavoie, *Monetary Economics*, second edition. New York: Palgrave Macmillan, 2012.
- Hicks, J., *A Market Theory of Money*. Oxford: Oxford Press, 1989.
- Ingham, G., *The nature of Money*. Cambridge: Polity Press, 2004.

- Kiyotaki, N. and J. Moore, "Evil Is the Root of All Money," *American Economic Review*, Vol. 92, No. 2, 2002, pp. 62-66.
- Ostroy, J., "The Informational Efficiency of Monetary Exchange," *American Economic Review*, Vol. 63, 1973, pp. 597-610.
- Smithin, J. (ed.), *What is Money?* London: Routledge, 2000.
- Wray, L.R., *Understanding Modern Money: The Key to Price Stability and Full Employment*. Cheltenham: Edward Elgar, 1998.
- Wray, L.R., "What is Money? Conclusions on the Nature of Money," in his *Modern Money Theory*, Chapter 8, pp. 261-281. Houndmills, England: Palgrave Macmillan, 2012.

3. The Determinants of Consumption and Saving (September 25)

[Note: Reading for Critical Reflection I to be assigned.]

- *Bodkin, R.G., "Consumption Theory at the Turn of the Millennium," in *Introducing Macroeconomic Analysis*, Chapter 3, pp. 65-78.
- *Seccareccia, M., "The Determinants of Consumption and Saving from a Heterodox Perspective," in *Introducing Macroeconomic Analysis*, Chapter 3, pp. 79-88.
- *Frank, R.H., "The Mysterious Disappearance of James Duesenberry," *The New York Times*, 9 June 2005. (Available online at <http://www.robert-h-frank.com/PDFs/ES.6.9.05.pdf>.)

Supplementary Readings:

- Akerlof, G.A., "The Missing Motivation in Macroeconomics," *American Economic Review*, Vol. 97, No. 1, 2007, pp. 5-36.
- Ando, A. and F. Modigliani, "The 'Life-Cycle' Hypothesis of Saving: Aggregate Implications and Tests," *American Economic Review*, Vol. 53, March 1963, pp. 55-84.
- Bodkin, R.G., "Windfall Income and Consumption," *American Economic Review*, Vol. 49, September 1959, pp. 602-14.
- Chawla, R.K., "Spending Patterns in Canada and the US," *Perspectives on Labour and Income*, Statistics Canada, September 2007, pp. 18-27. (Available online at <http://www.statcan.gc.ca/pub/75-001-x/2007109/article/10351-eng.pdf>.)
- Friedman, M., *A Theory of the Consumption Function*. Princeton, NJ: Princeton University Press, 1957.
- Seccareccia, M., "Growing Household Indebtedness and the Plummeting Saving Rate in Canada: An Explanatory Note," *Economic and Labour Relations Review*, Vol. 16, No. 1, 2005, pp. 133-151.

4. The Determinants of Investment (October 2)

- *Scarth, W., "What Drives Investment? An Orthodox Perspective," in *Introducing Macroeconomic Analysis*, Chapter 4, pp. 91-100.
- *Stanford, J., "What Drives Investment? A Heterodox Perspective," in *Introducing Macroeconomic Analysis*, Chapter 4, pp. 101-116.
- *Chang, H.J., "Companies Should *Not* Be Run in the Interest of Their Owners," in *23 Things They Don't Tell You about Capitalism*, Chapter 2, pp. 11-22.
- *Chang, H.J., "Capital Has a Nationality," in *23 Things They Don't Tell You about Capitalism*, Chapter 8, pp. 74-87.

Supplementary Readings:

- Coen, R.M., R. Eisner, F. Rondina and S.N. Durlauf, "Investment," in S.N. Durlauf and L.E. Blume, eds., *The New Palgrave Dictionary of Economics Online*, 2008. (Available online at <http://www.dictionaryofeconomics.com/dictionary>.)
- Dornbusch, R., S. Fischer, R. Startz, F.J. Atkins, and G.R. Sparks, *Macroeconomics*, 7th Canadian edition. Toronto: McGraw-Hill Ryerson, 2005.

- Fazzari, S.M., "Investment," in D. Glasner, ed., *Business Cycles and Depressions: An Encyclopedia*. New York: Garland, 1997.
- Hassett, K.A., "Investment," in D.R. Henderson, ed., *The Concise Encyclopedia of Economics*, 2nd edition. (Available online at <http://www.econlib.org/library/Enc/Investment.html>.)
- Kotlikoff, L.J., "Saving," (Available online at <http://www.econlib.org/library/Enc/Saving.html>.)
- Mankiw, N.G. and W.M. Scarth, *Macroeconomics*, 4th Canadian edition. New York: Worth Publishers, 2011.
- Pollin, R., ed., *The Macroeconomics of Saving, Finance, and Investment*. Ann Arbor: University of Michigan Press, 1997.

5. Why Is There Unemployment? (October 9)

[Note: Critical Reflection I is due.]

- *Fortin, P., "Unemployment in Canada," in *Introducing Macroeconomic Analysis*, Chapter 5, pp. 119-136.
- *Lavoie, M., "Two Views of Unemployment," in *Introducing Macroeconomic Analysis*, Chapter 5, pp. 137-148.
- *Chang, H.J., "Making Rich People Richer Doesn't Make the Rest of Us Richer," in *23 Things They Don't Tell You about Capitalism*, Chapter 13, pp. 137-147.

Supplementary Readings:

- Bellemare, D. and L. Poulin-Simon, "The Challenge of full Employment," in A. Fenichel and S.H. Ingberman, eds., *On the Political Economy of Social Democracy*. Montreal and Kingston: McGill-Queen's University Press, 1991.
- Bernard A. and J. Usalcas, "The Labour Market in Canada and the United States since the Last Recession," Economic Insights No. 036, Statistics Canada, July 2014. (Available online at <http://www.statcan.gc.ca/pub/11-626-x/11-626-x2014036-eng.pdf>.)
- Card, D. and A.B. Krueger, *Myth and Measurement: The New Economics of the Minimum Wage*. Princeton, NJ: Princeton University Press, 1995.
- Fortin, P., M. Keil and J. Symos, "The Sources of Unemployment in Canada, 1967-91: Evidence from a Panel of Regions and Demographic Groups," *Oxford Economic Papers*, Vol. 53, No. 1, 2001, pp. 67-93.
- Howells, D.R., ed., *Fighting Unemployment: The Limits to Free Market Orthodoxy*. Oxford: Oxford University Press, 2005.
- Howells, D.R., D. Baker, A. Glyn and J. Schmitt, "Are Protective Labour Market Institutions Really at the Root of Unemployment? A critical Review of the Evidence," Bernard Schwartz Center for Economic Policy Analysis. (Available online at http://www.newschool.edu/scepa/publications/workingpapers/Howell%20et%20al_Institutions%20and%20Unemployment_march15.07.pdf.)
- Jones, S.R.G., "Cyclical and Seasonal Properties of Canadian Gross Flows of Labour," *Canadian Public Policy*, Vol. 19, No. 1, 1993, pp. 1-17.
- Mitchell, W. and J. Muysken, *Full Employment Abandoned: Shifting Sands and Policy Failures*. Cheltenham: Edward Elgar, 2008.
- Piore, M.J., ed., *Unemployment and Inflation: Institutional and Structuralist Views*. White Plains, NY: M.E. Sharp, 1979.
- Stanley, T.D., "Does Unemployment Hysteresis Falsify the Natural Rate of Unemployment? A Meta-regression Analysis," *Journal of Economic Surveys*, Vol. 18, No. 4, 2004, pp. 589-612.
- Tiessen, K., "Seismic Shift: Ontario Changing Labour Market," Canadian Centre for Policy Alternatives, March 2014. (Available online at <https://www.policyalternatives.ca/sites/default/files/uploads/publications/Ontario%20Office/2014/03/Seismic%20ShiftFINAL.pdf>.)

6. *Is Government Spending a Source of Stability or Instability?* (October 16)

[Note: Essay outline is due.]

- *Veldhuis, N., "The Optimal Size of Government," in *Introducing Macroeconomic Analysis*, Chapter 6, pp. 151-164.
- *Bougrine, H., "The Stabilizing Role of Public Spending," in *Introducing Macroeconomic Analysis*, Chapter 6, pp. 165-176.
- *Chang, H.J., "Governments Can Pick Winners," in *23 Things They Don't Tell You about Capitalism*, Chapter 12, pp. 125-136.
- *Krugman, P., "How the Case for Austerity Has Crumbled," *The New York Review of Books*, Vol. 60, No. 10, 6 June 2013. (Available online at <http://www.nybooks.com/articles/archives/2013/jun/06/how-case-austerity-has-crumbled/>.)

Supplementary Readings:

- Auerbach, A.J. and Gorodnichenko, Y., "Measuring the Output Responses to Fiscal Policy," NBER Working Paper No. 16311, 2010.
- Auerbach, A.J. and Gorodnichenko, Y., "Fiscal Multipliers in Recession and Expansion," NBER Working Paper No. 17447, 2011.
- Ban, C., "Austerity versus Stimulus? Understanding Fiscal Policy Change at the International Monetary Fund since the Great Recession," CEGI Working Paper, Pardee Center, Boston University, March 2014. (Available online at <http://www.bu.edu/pardee/files/2014/03/Austerity-vs.-Stimulus-Working-Paper.pdf>.)
- Bell, S., "Can Taxes and Bonds Finance Government Spending?" *Journal of Economic Issues*, Vol. 34, No. 3, 2000, pp. 603-620.
- Blyth, M., *Austerity: The History of a Dangerous Idea*. New York: Oxford University Press, 2013.
- Cochrane, J.H., "Fiscal Stimulus, Fiscal Inflation, or Fiscal Fallacies?" Booth School of Business, University of Chicago, 2009. (Available online at <http://faculty.chicagobooth.edu/john.cochrane/research/Papers/fiscal2.htm>.)
- Dornbusch, R., S. Fischer, R. Startz, F.J. Atkins, and G.R. Sparks, *Macroeconomics*, 7th Canadian edition. Toronto: McGraw-Hill Ryerson, 2005.
- Fazzari, S.M., P.E. Ferri, E.G. Greenberg, and A.M. Variato, "Aggregate Demand, Instability, and Growth," INET Research Note No. 002, May 2012. (Available online at <http://ineteconomics.org/sites/inet.civicaactions.net/files/Note-2-Fazzari-et-al.pdf>.)
- Galbraith, J.K., *The Predator State: How Conservatives Abandoned the Free Market and Why Liberals Should Too*. New York: Free Press, 2008.
- Graziani, A., "The Theory of Monetary Circuit," *Economies et Sociétés*, Vol. 24, No. 6, 1990, pp. 7-36.
- Mankiw, N.G. and W.M. Scarth, *Macroeconomics*, 4th Canadian edition. New York: Worth Publishers, 2011.
- Mazzucato, M., *The Entrepreneurial State: Debunking Public vs. Private Sector Myth*. London and New York: Anthem Press, 2013.
- Parker, J.A., "On Measuring the Effects of Fiscal Policy in Recessions," *Journal of Economic Literature*, Vol. 49, No. 3 (September), 2011, pp. 703-18.
- Ramey, V., "Can Government Purchases Stimulate the Economy?" *Journal of Economic Literature*, Vol. 49, No. 3 (September), 2011, pp. 673-85.
- Seccareccia, M. And A. Sood, "Government Debt Monetization and Inflation: A Somewhat Jaundiced View," in H. Bougrine, ed., *Debts, Deficits and Economic Performance*, pp. 122-134. Cheltenham: Edward Elgar, 2000.

7. *Should Central Banks Be Targeting Inflation?* (October 23)

- *Rowe, N., "Money, Central Banks, and Monetary Policy: The Path to Inflation Targeting," in *Introducing Macroeconomic Analysis*, Chapter 7, pp. 179-187.

*Rochon, L.-P., "Inflation Targeting: From Misconception to Misguided Policies," in *Introducing Macroeconomic Analysis*, Chapter 7, pp. 188-196.

*Chang, H.J., "Greater Macroeconomic Stability Has *Not* Made the World Economy More Stable," in *23 Things They Don't Tell You about Capitalism*, Chapter 6, pp. 51-61.

Supplementary Readings:

Bruno, M., "Does Inflation Really Lower Growth?" *Finance and Development*, Vol. 32, No. 3, 1995, pp. 35-38.

Céspedes, L.F., R. Chang, and A. Velasco, "Is Inflation Targeting Still on Target? The Recent Experience of Latin America," IDB Working Paper Series No. 384, March 2013. (Available online at <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=37635005>.)

Lavoie, M., *Introduction to Post-Keynesian Economics*. London: Routledge, 2007.

Melino, A., "Inflation Targeting: A Canadian Perspective," *International Journal of Central Banking*, Vol. 8, No. S1 (January), 2012, pp. 105-132.

Meyer, L.H., "Does Money Matter?" *Review*, Vol. 83, No. 4, 2001, pp. 1-15.

Rochon, L.-P., "Central Bank Governance, the Euthanasia of the Rentier and Interest Rate Policy: A Note on Post-Keynesian Monetary Policy after Taylor," in C. Gnos and L.-P. Rochon (eds.), *Monetary Policy and Financial Stability*. Cheltenham: Edgard Elgar, 2009.

Svensson, L.E.O., "Inflation Targeting," CEPS Working Paper No. 144, Princeton University, May 2007. (Available online at <http://www.princeton.edu/ceps/workingpapers/144svensson.pdf>.)

8. Should Central Banks Be Independent? (October 30)

*Galbraith, J.A., "The Case of Independent Central Banks," in *Introducing Macroeconomic Analysis*, Chapter 8, pp. 199-206.

*Le Héron, E., "Governance and Confidence Instead of Independence and Credibility," in *Introducing Macroeconomic Analysis*, Chapter 8, pp. 207-216.

*Wray, L.R., "Central Bank Independence: Myth and Misunderstanding," Working Paper No. 791, Levy Economics Institute of Bard College, March 2014. (Available online at http://www.levyinstitute.org/pubs/wp_791.pdf.)

*Chang, H.J., "Assume the Worst about People and You Get the Worst," in *23 Things They Don't Tell You about Capitalism*, Chapter 5, pp. 41-50.

Supplementary Readings:

Aisen, A. and F.J. Veiga, "Political Instability and Inflation Volatility," *Public Choice*, Vol. 135, No. 3-4, 2008, pp. 207-223.

Buiter, W., "New Developments in Monetary Economics: Two Ghosts, Two Eccentricities, a Fallacy, a Mirage and a Mythos," *Economic Journal*, Vol. 115, No. 502, 2005, pp. C1-C31.

Crowe, C. and E.E. Meade, "The Evolution of Central Bank Governance around the World," *Journal of Economic Perspectives*, Vol. 21, No. 4, 2007, pp. 69-90.

Ferris, J.S., "Electoral Politics and Monetary Policy: Does the Bank of Canada Contribute to a Political Business Cycle?" *Public Choice*, Vol. 135, No. 3-4, 2008, pp. 449-468.

Häring, N., "The Veil of Deception over Money: How Central Bankers and Textbooks Distort the Nature of Banking and Central Banking," *Real-World Economics Review*, No. 63, March 2013, pp. 2-18. (Available online at <http://www.paecon.net/PAERReview/issue63/Haring63.pdf>.)

Mishkin, F.S., *The Economics of Money, Banking, and Financial Markets*. Boston: Pearson, 2007.

Siklos, P.L., *Money, Banking, and Financial Institutions: Canada in the Global Environment*. Toronto: McGraw-Hill Ryerson, 2004.

Vernengo, M. and E. Pérez Caldentey, "Heterodox Central Bankers: Eccles, Prebisch and Financial Reform," The IDEAs Working Paper Series, Paper No. 03/2012, 2012. (Available online at http://www.networkideas.org/working/aug2012/03_2012.pdf.)

9. Should Full Employment Be a Policy Objective? (November 6)

- *Wray, L.R., "The Social and Economic Importance of Full Employment," in *Introducing Macroeconomic Analysis*, Chapter 9, pp. 219-228.
- *Gray, D., "A Critique of the 'Government as the Employer of Last Resort' Policy Proposal," in *Introducing Macroeconomic Analysis*, Chapter 9, pp. 229-242.
- *Chang, H.J., "Big Government Makes People More Open to Change," in *23 Things They Don't Tell You about Capitalism*, Chapter 5, pp. 221-230.

Supplementary Readings:

- Benjamin, D., M. Gunderson, T. Lemieux and W. Riddell, *Labour Market Economics*. Toronto: McGraw-Hill Ryerson, 2007.
- Darity, W. Jr., "Who Loses from Unemployment?" *Journal of Economic Issues*, Vol. 33, No. 2, 1999, pp. 491-496.
- Hamermesh, D.S., D. Kawaguchi and J. Lee, "Does Labor Legislation Benefit Workers? Well-Being after an Hours Reduction," IZA Discussion Paper No. 8077, March 2014. (Available online at <http://ftp.iza.org/dp8077.pdf>.)
- Harvey, P., *Securing the Right to Employment: Social Welfare Policy and the Unemployed in the United States*. Princeton, NJ: Princeton University Press, 1989.
- Mitchell, W. and J. Muysken, *Full Employment Abandoned: Shifting Sands and Policy Failures*. Cheltenham: Edward Elgar, 2008.
- Riddell, W.C., "Why Is Canada's Unemployment Rate Persistently Higher than in the United States?" *Canadian Public Policy*, Vol. 31, No. 1, 2005, pp. 93-100.
- Stanford, J., "Revisiting the 'Flexibility Hypothesis'," *Canadian Public Policy*, Vol. 31, No. 1, 2005, pp. 109-116.
- Wray, L.R., *Understanding Modern Money: The Key to Full Employment and Price Stability*. Cheltenham: Edward Elgar, 1998.
- Wray, L.R., *Modern Money Theory: A Primer on Macroeconomics for Sovereign Monetary*. New York: Palgrave Macmillan, 2012.
- Wray, L.R. and M. Forstater, "Full Employment and Economic Justice," in D. Champlin and J. Knoedler (eds.), *The Institutionalist Tradition in Labour Economics*. Armonk, NY: M.E. Sharp, 2004.

10. Is Trade Liberalization Good or Bad for the Economy? (November 13)

[Note: Term paper is due.]

- *Beaulieu, E., "The Economics of Trade Liberalization," in *Introducing Macroeconomic Analysis*, Chapter 10, pp. 245-255.
- *Grinspun, R., "Trade Liberalization: The Good, the Bad, and the Ugly," in *Introducing Macroeconomic Analysis*, Chapter 10, pp. 256-268.
- *Chang, H.J., "Free-Market Policies Rarely Make Poor Countries Rich," in *23 Things They Don't Tell You about Capitalism*, Chapter 7, pp. 62-73.

Supplementary Readings:

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