

Department of Economics
University of Toronto
Fall 2017

ECO 407

Competing Views in Macroeconomic Theory and Policy

R10-1 – SS 1071

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

Wednesday, 10:00 – 11:00 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 Review** – Review of an economics article to be assigned on **September 21**. Submission will be due at the beginning of class on **October 5**. The Critical Review should be 900 words (+/- 5%) in length. **Late penalty: 5 percentage points per day without exceptions.**
- **Term Test** – A one-hour test to be written during the last hour of the regular lecture on **October 26**.
- **Term Paper** – This essay will be on a specific topic to be assigned on **October 26**. It should be about 4,000 words (+/- 5%) in length.
 - A **first draft** of the paper will be due at the beginning of class on **November 16**. **Late penalty: 20 percentage points of the Term Paper mark without exceptions.**
 - The **final draft** of the Term Paper will be due at the beginning of class on **November**

23. Late penalty: 5 percentage points per day without exceptions.

- **Final Exam** – A two-hour exam covering all the course work will be written during the regular examination period (**December 9-20**).
- **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.

COURSE EVALUATION

The breakdown of the term grade will be as follows: 1) **Critical Review** will count for **10%** of the final mark; 2) **Term Test** will count for **20%** of the final mark; 3) **Term Paper** will count for **30%** of the final mark; 4) **Final Exam** will count for **30%** of the final mark; and 5) **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>.

MAKE-UP TEST

Students missing the term test for a certified medical reason, or other approved cause, will be permitted to write a make-up test. **In these instances, students are required (without exceptions) to submit official documentation during office hours on Wednesday, November 1.** In the case of illness, the University of Toronto official *Verification of Student Illness or Injury* form, available for downloading from the course website, must be used. **This form must be submitted to the instructor in person (i.e., not to the Department's receptionist and not by fax or e-mail). Students deemed ineligible for writing the make-up test will receive a grade of zero for the missed test.** The make-up test will be written on Friday, **November 3** from 10:00 to 11:00 AM in a location to be announced. **Please note that there will be no special allowance for any possible time conflict.**

SUBMISSION OF MEDICAL CERTIFICATES

The University is cracking down on the excessive use — i.e., abuse — of doctors' notes to request tests and exam deferrals. Doctors' notes are supposed to certify that a student was ill and

Guidelines on Writing the Critical Review

1. This assignment involves the submission of a critical review or reflection on an assigned article.
2. The critical review should be no more than 3-4 pages in length (about 900 words). The emphasis is on concise, focused thought. You need to identify the author's *main* thesis, and respond critically to that thesis, i.e., you must provide evidence of the strengths and weaknesses of the author's arguments and ideas. This implies, therefore, that you must take a clear and coherent position on the issues discussed, i.e., you must 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
 - clarity and conciseness of expression.

Submission of Critical Review and Term Paper to Turnitin.com

Note that, in addition to providing a hard copy, students will be asked to submit their critical review and term paper 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 critical reflection and/or paper to Turnitin.com. If you object to submit them to Turnitin.com, let me know by **September 28** and I will offer you a reasonable offline alternative.

thus unable to write a test on a specific date, but they are not supposed to be used as an instrument for time management. The **Office of Student Academic Integrity (OSAI)** will evaluate the submission of suspicious medical certificates.

If you are unable to write the term test for a medical reason, you must submit an official University of Toronto *Verification of Student Illness or Injury* form where the physician clearly indicates that in his/her professional opinion you were unable to write the test on that particular date. This means that the doctor cannot limit him/herself to repeat what you have told him/her — the physician must clearly certify that you were sick **and** unable to write the test on that particular day.

Note that Verification of Student Illness or Injury forms indicating conditions such as headaches, stomach ache, cold or other similar conditions will usually not be accepted as sufficient excuse for not writing a test. All suspicious submissions of medical certificates will be rejected or forwarded to OSAI for further evaluation.

MARKING AND APPEALS

Disputes over the evaluation term work should be discussed with the instructor. After carefully reviewing your work, submit in person a **brief note** clearly indicating the reasons for your disagreement with the marking. Disagreement with the marking means that an error might have been made — for instance, the marker failing to consider a part of your answer. **Note that indicating that in your view you deserved a higher mark is not a sufficient reason for requesting a remarking of a test.** You must submit your appeal **within one week** after the paper/test is returned to students. **In the case of the term test, note that all the questions will be remarked and not only the one in dispute.**

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 7)*

- *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:

- Altenburg, T. and W. Lütkenhorst, *Industrial Policy in Developing Countries: Failing Markets, Weak States*. Northampton, Mass.: Edward Elgar Publishing, 2015.
- 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.
- Mazzucato, M., *The Entrepreneurial State: Debunking Public vs. Private Sector Myth*. London and New York: Anthem Press, 2013.
- 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.
- Sekera, J., "Economics and the Near-Death Experience of Democratic Governance," GDAE Working Paper No. 15-02, Tufts University, May 2015. (Available online at http://www.ase.tufts.edu/gdae/Pubs/wp/15-02SekeraEconomicsDe-Democratization.pdf?utm_source=GDAE+Subscribers&utm_campaign=132cb69eb9-SekeraWP_5_19_2015&utm_medium=email&utm_term=0_72d4918ff9-132cb69eb9-46743997.)
- 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.)
- Stiglitz, J.E., "The Lessons of the North Atlantic Crisis for Economic Theory and Policy," in G. Akerlof, O. Blanchard, D. Romer, and J. Stiglitz (eds.), *What Have We Learned? Macroeconomic Policy after the Crisis*, pp. 335-347. Cambridge, Mass: IMF and MIT Press, 2014. (Available online at <http://blog-imfdirect.imf.org/2013/05/03/the-lessons-of-the-north-atlantic-crisis-for-economic-theory-and-policy/>.)
- Taylor, L., *Maynard's Revenge: The Collapse of Free Market Economics*. Cambridge, Mass: Harvard University Press, 2010.
- 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 14)*

- *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.
- Binswanger, H.C., *Money and Magic: A Critique of the Modern Economy in Light of Goethe's Faust*. University of Chicago Press, 1994.
- 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.
- Di Muzio, T. and L. Noble, "The Coming Revolution in Political Economy: Money Creation, Mankiw and Misguided Macroeconomics," *real-world economics review*, No. 80, 26 June 2017, pp. 85-108. (Available online at <http://www.paecon.net/PAERReview/issue80/DiMuzioNoble80.pdf>.)
- Galbraith, J.K., "Can Trump Overcome Secular Stagnation?" *real-world economics review*, No. 78 (March), 2017, pp. 20-27. (Available online at <http://www.paecon.net/PAERReview/issue78/Galbraith78.pdf>.)
- 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.
- Huber, J., "Split-Circuit Reserve Banking – Functioning, Dysfunctions and Future Perspectives," *real-world economics review*, No. 80, 26 June 2017, pp. 63-84. (Available online at <http://www.paecon.net/PAERReview/issue80/Huber80.pdf>.)

- Ingham, G., *The nature of Money*. Cambridge: Polity Press, 2004.
- King, M., *The End of Alchemy: Money, Banking, and the Failure of the Global Economy*. New York: W.W. Norton, 2016.
- Kiyotaki, N. and J. Moore, "Evil Is the Root of All Money," *American Economic Review*, Vol. 92, No. 2, 2002, pp. 62-66.
- McLeay, M., A. Radia, and R. Thomas, "Money Creation in the Modern Economy," *Bank of England Quarterly Bulletin*, Vol. 54, No. 1, 2014, pp. 14-27. (Available online at <http://www.bankofengland.co.uk/publications/Documents/quarterlybulletin/2014/qb14q101.pdf>.)
- Martin, F., *Money: The Unauthorised Biography*. London: The Bodley Head, 2013.
- Ostroy, J., "The Informational Efficiency of Monetary Exchange," *American Economic Review*, Vol. 63, 1973, pp. 597-610.
- Palley, T.I., "The Theory of Endogenous Money and the LM Schedule: Prelude to a Reconstruction of the ISLM," *Revista de Economia Politica*, Vol. 37, No. 1, 2017, pp. 3-22. Available online at <http://www.scielo.br/pdf/rep/v37n1/1809-4538-rep-37-01-00003.pdf>.)
- Rochon, L.-P., "What Is Money? The Theory of Endogenous Money from a Revolutionary Perspective," paper presented at the American Economic Association 2016 Annual Meeting session *Do Capital Flows Need to Be Tamed?*, San Francisco, CA, January 4, 2016.
- Smithin, J. (ed.), *What is Money?* London: Routledge, 2000.
- Taylor, L., "The 'Natural' Interest Rate and Secular Stagnation: Loanable Funds Macro Models Don't Fit Today's Institutions or Data", *Challenge*, Vol. 60, No. 1, 2017, pp. 27-39. (Available online at <http://www.tandfonline.com/doi/pdf/10.1080/05775132.2016.1272966?needAccess=true>.)
- Werner, R.A. (2014a) "Can Banks Individually Create Money out of Nothing? – The Theories and the Empirical Evidence," *International Review of Financial Analysis*, Vol. 36, pp. 1-19.
- Werner, R.A. (2014b) "How do Banks Create Money, and Why Can Other Firms Not Do the Same? An Explanation for the Coexistence of Lending and Deposit-Taking," *International Review of Financial Analysis*, Vol. 36, pp. 71-77.
- 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.
- Wray, L.R., *Why Minsky Matters: An Introduction to the Work of a Maverick Economist*, Chapters 3-4, pp. 71-108. Princeton, NJ: Princeton University Press, 2016.

3. The Determinants of Consumption and Saving (September 21)

[Note: Article for Critical Review 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.
- Galbraith, J.K., "Can Trump Overcome Secular Stagnation?" *real-world economics review*, No. 78, 22 March 2017, pp. 20-27. (Available online at <http://www.paecon.net/PAERReview/issue78/Galbraith78.pdf>.)
- Lindner, F., "Does Saving Increase the Supply of Credit? A Critique of Loanable Funds Theory," *World Economic Review*, Vol. 4, February 2015, pp. 1-26. (Available online at <http://wer.worldeconomicsassociation.org/files/WEA-WER-4-Lindner.pdf>.)
- 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.
- Taylor, L., "The 'Natural' Interest Rate and Secular Stagnation: Loanable Funds Macro Models Don't Fit Today's Institutions or Data", *Challenge*, Vol. 60, No. 1, 2017, pp. 27-39. (Available online at <http://www.tandfonline.com/doi/pdf/10.1080/05775132.2016.1272966?needAccess=true>.)

4. The Determinants of Investment (September 28)

- *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>.)
- Junankar, P., "Neoclassical Theories of Investment," in H. Vane and B. Snowdon, eds., *Encyclopaedia of Macroeconomics*. Cheltenham: Edward Elgar, 2002.
- Kotlikoff, L.J., *What Determines Savings?* Cambridge: MIT Press, 1989.
- Kotlikoff, L.J. and L.H. Summers, "The Adequacy of Saving," *American Economic Review*, Vol. 72, No. 5, 1982, pp. 1056-1069.
- Kotlikoff, L.J., "Saving," 2008. (Available online at <http://www.econlib.org/library/Enc/Saving.html>.)
- Lindner, F., "Does Saving Increase the Supply of Credit? A Critique of Loanable Funds Theory," *World Economic Review*, Vol. 4, February 2015, pp. 1-26. (Available online at <http://wer.worldeconomicsassociation.org/files/WEA-WER-4-Lindner.pdf>.)
- Pollin, R., ed., *The Macroeconomics of Saving, Finance, and Investment*. Ann Arbor: University of Michigan Press, 1997.
- Podkaminer, L., "The Euro Area's Secular Stagnation and What Can Be Done about It. A Post-Keynesian Perspective," *real-world economics review*, No. 70, 2015, pp. 2-16. (Available online at <http://www.paecon.net/PAERReview/issue70/Podkaminer70.pdf>.)

Stanford, J., "U.S. Private Capital Accumulation and Trump's Economic Program", *real-world economics review*, No. 79 (March), 2017, pp. 74-90. (Available online at <http://www.paecon.net/PAERreview/issue79/Stanford79.pdf>.)

5. *Is Trade Liberalization Good or Bad for the Economy? (October 5)*

[Note: Critical Review 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.
- *Stanford, J., "Is More Trade Liberalization the Remedy for Canada's Trade Woes?" in S. Tapp, A. Van Assche and R. Wolfe, eds., *Redesigning Canadian Trade Policies for New Global Realities.*, pp. 435-452. Montreal: IRPP, 2016. (Available online at http://irpp.org/research-studies/aots6-stanford/?mc_cid=369a9db66d&mc_eid=847a276829.)

Supplementary Readings:

- Beine, M., C.S. Bos and S. Coulombe, "Does the Canadian Economy Suffer from Dutch Disease?" *Resource and Energy Economics*, Vol. 34, No. 4 (November), 2012, pp. 468-492.
- Bougrine, H., "The World Trade Organization, Free Trade Areas, and the Distribution of Wealth," in P.A. O'Hara, ed., *Global Political Economy and the Wealth of Nations: Performance, Institutions, Problems and Policies*, pp. 171-187. London: Routledge, 2004.
- Chang, H.J., "Kicking Away the Ladder: The 'Real' History of Free Trade," in A. Shaikh, ed., *Globalization and the Myths of Free Trade: History, Theory and Empirical Evidence*, pp. 23-49. London: Routledge, 2007.
- Chang, H.J. and I. Grabel, *Reclaiming Development: An Alternative Economic Policy Manual*. London: Zed Books, 2014.
- Daly, H., "Trump's Growthism: Its Roots in Neoclassical Economic Theory", *real-world economics review*, No. 78 (March), 2017, pp. 86-97. (Available online at <http://www.paecon.net/PAERreview/issue78/Daly78.pdf>.)
- Eberhardt, P., B. Redlin and C. Toubeau, "Trading Away Democracy: How CETA's Investor Protection Rules Threaten the Public Good in Canada and the EU," Canadian Centre for Policy Alternatives, November 2014. (Available online at https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2014/11/Trading_Away_Democracy.pdf.)
- Felipe, J. and M. Vernengo, "Demystifying the Principles of Comparative Advantage: Implications for Developing Countries," *International Journal of Political Economy*, Vol. 32, No. 4, 2002, pp. 49-75.
- Gallagher, K.P., *The Clash of Globalization: Essays on the Political Economy of Trade and Development Policy*. London and New York: Anthem Press, 2014.
- Irwin, D.A., *Free Trade under Fire*. Princeton, NJ: Princeton University Press, 2003.
- Keynes, J.M., "National Self-Sufficiency," *The Yale Review*, Vol. 22, No. 4 (June), 1933, pp. 755-769. (Available online at http://www.uam.es/personal_pdi/economicas/jsanchez/documentos/1601%20KEYNES%20National%20Self-sufficiency%201933.pdf.)
- Kishore, V., *Ricardo's Gauntlet: Economic Fiction and the Flawed Case for Free Trade*. New York: Anthem Press, 2014.
- Lamy, P., "Comparative Advantage Is Dead? Not at All," 2010. (Available online at http://www.wto.org/english/news_e/sppl_e/sppl152_e.htm.)

- Papyrakis, E. and O. Raveh, "An Empirical Analysis of a Regional Dutch Disease: The Case of Canada," *Environmental and Resource Economics*, Vol. 58, No. 2 (June), 2014, pp 179-198.
- Podkaminer, L., "Trade Imbalances Are Undesirable: A Note," *real-world economics review*, No. 80, 26 June 2017, pp. 193-196. (Available online at <http://www.paecon.net/PAERReview/issue80/Podkaminer80.pdf>.)
- Reinert, E., *How Rich Countries Got Rich ... and Why Poor Countries Stay Poor*. London: Constable and Robinson, 2007.
- Roberts, R., *The Choice: A Fable of Free Trade and Protectionism*, 3rd edition. Upper Saddle River, NJ: Prentice Hall, 2007.
- Rodríguez, F. and D. Rodrik, "Trade Policy and Economic Growth: A Skeptic's Guide to Cross-National Evidence," NBER Working Paper w7081, 1999.
- Rodrik, D., "How Far Will International Economic Integration Go?," *Journal of Economic Perspective*, Vol 14. No. 1 (Winter), 2000, pp. 177-186.
- Rodrik, D., *The Global Governance of Trade: As If Development Really Mattered*. New York: UNDP, 2001.
- Rodrik, D., *The Globalization Paradox*. New York: W.W. Norton & Co., 2011.
- Sapir, J., "President Trump and free trade," *real-world economics review*, No. 79 (March), 2017, pp. 64-73. (Available online at <http://www.paecon.net/PAERReview/issue79/Sapir79.pdf>.)
- Scheve, K.F., and M.J. Slaughter, "A New Deal for Globalization," *Foreign Affairs*, July/August 2007. (Available online at <https://www.foreignaffairs.com/articles/2007-07-01/new-deal-globalization>.)
- Schumacher, R., "Deconstructing the Theory of Comparative Advantage," *World Economic Review*, 2013, Issue No. 2, pp. 83-105. (Available online at <http://www.worldeconomicssassociation.org/files/journals/worldeconomicreview/No2/WEA-WER2-complete.pdf>.)
- Shaikh, A., ed., *Globalization and the Myths of Free Trade: History, Theory and Empirical Evidence*. London: Routledge, 2007.
- Shakeri, M., J. Leonard, and R.S. Gray, "Dutch Disease or Failure to Compete? A Diagnosis of Canada's Manufacturing Woes," *IRPP Study*, No. 30, May 2012.
- Smith, A. and D. Anastakis (eds.), *Smart Globalization: The Canadian Business and Economic History Experience*. Toronto: University of Toronto Press, 2014.
- Stiglitz, J., *Making Globalization Work*. New York: Norton, 2006.
- Wallach, L. and P. Woodall, *Whose Trade Organization? The Comprehensive Guide to the WTO*. New York: New Press, 2004.
- Wade, R.H., "Current Thinking about Global Trade Policy", *Economic and Political Weekly*, Vol. 49, No. 6 (February), 2014, pp.18-21.
- Wade, R.H., "Is Trump Wrong on Trade? A Partial Defense Based on Production and Employment", *real-world economics review*, No. 79 (March), 2017, pp. 43-63. (Available online at <http://www.paecon.net/PAERReview/issue79/Wade79.pdf>.)

6. Should Financial Flows Be Regulated? (October 12)

- *Santor, E. and L.L. Schembri, "The Case for Financial Liberalization," in *Introducing Macroeconomic Analysis*, Chapter 11, pp. 271-282.
- *Epstein, G., "Financial Flows Must Be Regulated," in *Introducing Macroeconomic Analysis*, Chapter 11, pp. 283-306.
- *Chang, H.J., "Financial Markets Need to Become Less, Not More, Efficient," in *23 Things They Don't Tell You about Capitalism*, Chapter 22, pp. 231-241.
- *Ocampo, J.A., "The Case For and Experience With Capital Account Regulations," in Gallagher, K.P., S. Griffith-Jones and J.A. Ocampo, eds., *Regulating Global Capital Flows for Long-Run Development*, Pardee Center Task Force Report, Boston University, March 2012. (Available online at <http://www.bu.edu/pardee/files/2012/03/RegulatingCapitalTF-March2012.pdf>.)

*Ostry, J.D., P. Loungani, and D. Furceri, "Neoliberalism: Oversold?," *Finance & Development*, Vol. 53, No. 2 (June), 2016, pp. 38-41. (Available online at <http://www.imf.org/external/pubs/ft/fandd/2016/06/pdf/ostry.pdf>.)

Supplementary Readings:

- Bernanke, B., "The Global Saving Glut and the U.S. Current Account Deficit." (Available online at <http://www.federalreserve.gov/boarddocs/speeches/2005/200503102/>.)
- Carney, M. "What Are Banks Really for?," Remarks to the University of Alberta School of Business, Edmonton, Alberta, 30 March 2009. (Available online at <http://www.bankofcanada.ca/wp-content/uploads/2010/03/sp300309.pdf>.)
- Davidson, P., "Globalization and an International Monetary Clearing Union," 2015 World Economics Association Conference on *Ideas towards a New International Financial Architecture?*, 15th May – 15th July. (Available online at <http://itnifa2015.weaconferences.net/wp-content/uploads/sites/4/WEA-ITNFAconference2015-Davidson.pdf>.)
- De Gregorio, J., "Capital Flows and Capital Account Management," in G. Akerlof, O. Blanchard, D. Romer, and J. Stiglitz (eds.), *What Have We Learned? Macroeconomic Policy after the Crisis*, pp. 271-287. Cambridge, Mass: IMF and MIT Press, 2014.
- Eichengreen, B., *Capital Flows and Crises*. Cambridge, MA: MIT Press, 2004.
- Epstein, G., I. Grabel and Jomo K.S., "Capital Management Techniques in Developing Countries," in G. Epstein, ed., *Capital Flights and Capital Controls in Developing Countries*, pp. 301-333. Northampton, MA: Edward Elgar, 2005.
- Epstein, G., ed., *Capital Flights and Capital Controls in Developing Countries*. Northampton, MA: Edward Elgar, 2005.
- Epstein, G. (ed.), *Financialisation and the World Economy*. Cheltenham: Edward Elgar, 2005.
- Farhi, E. and I. Werning, "Dilemma Not Trilemma? Capital Controls and Exchange Rates with Volatile Capital Flows," *IMF Economic Review*, Vol. 62, 2014, pp. 569-605.
- Furceri, D. and P. Loungani, 2015, "Capital Account Liberalization and Inequality," IMF Working Paper 15/243, 2015.
- Gabor, D., "Paradigm Shift? A Critique of the IMF's New Approach to Capital Controls," *Journal of Development Studies*, Vol. 48, No. 6, 2011, pp. 714-731.
- Gallagher, K.P., "Regaining Control: Capital Controls and the Global Financial Crisis," Political Economy Research Institute, University of Massachusetts–Amherst, 2011.
- Gallagher, K.P., "The IMF's New View on Financial Globalization: A Critical Assessment," Issues in Brief No. 26, Pardee Center, Boston University, December 2012. (Available online at <http://www.bu.edu/pardee/files/2012/12/Pardee-IIB-026-Dec-2012.pdf>.)
- Gallagher, K.P., S. Griffith-Jones and J.A. Ocampo, eds., *Regulating Global Capital Flows for Long-Run Development*, Pardee Center Task Force Report, Boston University, March 2012. (Available online at <http://www.bu.edu/pardee/files/2012/03/RegulatingCapitalTF-March2012.pdf>.)
- Gallagher, K.P. and J.A. Ocampo, "The IMF's New View on Capital Controls," *Economic & Political Weekly*, Vol. 48, No. 12, pp. 10-13, March 23, 2013.
- Gallagher, K.P. and Y. Tian, "Regulating Capital Flows in Emerging Markets: The IMF and the Global Financial Crisis," CEGI Working Paper No. 5, Pardee Center, Boston University, May 2014. (Available online at <http://www.bu.edu/pardee/files/2014/05/Regulating-Capital-Flows-Working-Paper.pdf>.)
- Garcia, M., "Capital Controls and Implications for Surveillance and Coordination: Brazil and Latin America," Working Paper No. 631, Department of Economics, Catholic University of Rio de Janeiro, 27 February 2015. (Available online at <http://www.econ.puc-rio.br/uploads/adm/trabalhos/files/td631.pdf>.)
- Glyn, A., "Finance and Ownership," in his *Capitalism Unleashed*, Chapter 3, pp. 50-76. New York: Oxford University Press, 2006.
- Holland, M., "Managing Capital Inflows in Brazil," in G. Akerlof, O. Blanchard, D. Romer, and J. Stiglitz (eds.), *What Have We Learned? Macroeconomic Policy after the Crisis*, pp. 289-305. Cambridge, Mass: IMF and MIT Press, 2014.

- International Monetary Fund (IMF), *The Liberalization and Management of Capital Flows: An Institutional View*. Washington, DC: International Monetary Fund, 2012.
- Kaplan, E. and D. Rodrik, "Did the Malaysian Capital Controls Work?," in S. Edwards and J.A. Frankel, eds., *Preventing Currency Crises in Emerging Markets*, pp. 393-441. Chicago: University of Chicago Press, 2002.
- Kattel, R. (ed.), *Economic Development and Financial Instability – Selected Essays by Jan A. Kregel*. New York: Anthem Press, 2014.
- Krugman, P., "Currency Regimes, Capital Flows, and Crises," *IMF Economic Review*, Vol. 62, 2014, pp. 470-493. (Available online at <http://www.palgrave-journals.com/imfer/journal/v62/n4/pdf/imfer20149a.pdf>.)
- Magud, N., C. Reinhart and K. Rogoff, "Capital Controls: Myth and Reality—A Portfolio Balance Approach." Cambridge, MA: National Bureau of Economic Research, 2011.
- Ocampo, J. and B. Erte, "Capital Account Regulations: Role, Effectiveness and the IMF's Institutional View," in L.C. Bresser-Pereira, J. Kregel and L. Burlamaqui (eds.), *Financial Stability and Growth*, pp. 26-41. New York: Routledge, 2014.
- Ocampo, J. and J. Stiglitz, *Capital Market Liberalization and Development*. New York: Oxford University Press, 2008.
- Ostry, J.D., A.R. Ghosh, K. Habermeier, L. Laeven, M. Chamon, M.S. Qureshi and A. Kokenyne, "Managing Capital Inflows: What Tools to Use?," IMF Staff Discussion Note 11/06. Washington, D.C.: International Monetary Fund, 2010.
- Ostry, J.D., A.R. Ghosh, K. Habermeier, M. Chamon, M.S. Qureshi and D.B.S. Reinhardt, "Capital Inflows: The Role of Controls," IMF Staff Position Note. Washington, D.C.: International Monetary Fund, 2010.
- Rey, H., "Capital Account Management," in G. Akerlof, O. Blanchard, D. Romer, and J. Stiglitz, eds., *What Have We Learned?*, pp. 307-313. Cambridge, Mass: IMF and MIT Press, 2014.
- Rodrik, D. and A. Subramaniam, "Why Did Financial Globalization Disappoint?," *IMF Staff Papers*, Vol. 56, No. 1, March 2009, pp. 112-138.
- Stiglitz, J.E., "Risk and Global Economic Architecture: Why Full Financial Integration May Be Undesirable," *American Economic Review*, Vol. 100, No. 2, 2010, pp. 388-392.
- Sigurgeirsdottir, S. and R.H. Wade, "From Control by Capital to Control of Capital: Iceland's Boom and Bust, and the IMF's Unorthodox Rescue Package," *Review of International Political Economy*, Vol. 22, No. 1, 2015, pp. 103-133.
- Subbarao, D., "Capital Account Management: Toward a New Consensus?," in G. Akerlof, O. Blanchard, D. Romer, and J. Stiglitz, eds., *What Have We Learned? Macroeconomic Policy after the Crisis*, pp. 265-269. Cambridge, Mass: IMF and MIT Press, 2014. (Available online at <https://www.imf.org/external/np/seminars/eng/2013/macro2/pdf/ds.pdf>.)
- Vernengo, M. and L.-P. Rochon, "Exchange Rate Regimes and Capital Controls," *Challenge*, Vol. 43, No. 6, 2000, pp. 76-92.

7. Should Countries Float, Fix or Dollarize? (October 19)

- *Courchene, T.J., "Canada's Floating Rate Needs Fixing," in *Introducing Macroeconomic Analysis*, Chapter 12, pp. 309-318.
- *Vernengo, M. and C. Schönerwald da Silva, "Beyond the Bipolar Consensus: An Intermediary Solution," in *Introducing Macroeconomic Analysis*, Chapter 12, pp. 319-328.
- *Carr, J., "Defending the Current Monetary System," *Isuma*, Vol. 1, No. 1 (Spring), 2000, pp. 97-100. (Available online at <http://dspace.cigilibrary.org/jspui/bitstream/123456789/341/1/Defending%20the%20Current%20Monetary%20System.pdf?1>.)
- *Shambaugh, J.C., "Rethinking Exchange Rate Regimes after the Crisis," in G. Akerlof, O. Blanchard, D. Romer, and J. Stiglitz, eds., *What Have We Learned? Macroeconomic*

Policy after the Crisis?, pp. 229-243. Cambridge, Mass: IMF and MIT Press, 2014.
(Available online at <https://www.imf.org/external/np/seminars/eng/2013/macro2/pdf/jcs2.pdf>.)

Supplementary Readings:

- Bresser-Pereira, L.C., "The Dutch Disease and Its Neutralization: A Ricardian Approach," *Brazilian Journal of Political Economy*, Vol. 28, No. 1, 2008, pp. 47-71.
- Calvo, G. and C. Reinhart, "Fear of Floating," *Quarterly Journal of Economics*, Vol. 117, 2002, pp. 379-408.
- Carr, J.L. and J.E. Floyd, "Real and Monetary Shocks to the Canadian Dollar: Do Canada and the U.S. Form an Optimum Currency Area," *North American Journal of Economics and Finance*, Vol. 13, May, 2002, pp. 21-39.
- Carstens, A., "How to Choose an Exchange Rate Arrangement," in G. Akerlof, O. Blanchard, D. Romer, and J. Stiglitz (eds.), *What Have We Learned? Macroeconomic Policy after the Crisis*, pp. 225-228. Cambridge, Mass: IMF and MIT Press, 2014.
- Dean, J.W., D. Salvatore and T.A. Willett, eds., *The Dollarization Debate*. Oxford: Oxford University Press, 2002.
- Devereux, M.B., "Much Appreciated? The Rise of the Canadian Dollar, 2002-2008," *Review of Economic Analysis*, Vol. 1, No. 1, 2009, pp. 1-33.
- Dobson, S., N. Lemphers and S. Guilbeault, *Booms, Busts and Bitumen: The Economic Implications of Canadian Oilsands Development*. The Pembina Institute and Équiterre, 2013. (Available online at <http://www.pembina.org/reports/booms-busts-bitumen-en.pdf>.)
- Fischer, S., "Exchange Rate Regimes: Is the Bipolar View Correct?," *Journal of Economic Perspectives*, Vol. 15, 2001, pp. 3-24.
- Flassbeck, H., "Competitive Exchange Rates and Macroeconomic Theory," in L.C. Bresser-Pereira, J. Kregel and L. Burlamaqui (eds.), *Financial Stability and Growth*, pp. 15-25. New York: Routledge, 2014. (Available online at [http://bibliotecadigital.fgv.br/dspace/bitstream/handle/10438/16266/Panel%20-%20Heiner%20Flassbeck_0%20\(1\).pdf?sequence=1](http://bibliotecadigital.fgv.br/dspace/bitstream/handle/10438/16266/Panel%20-%20Heiner%20Flassbeck_0%20(1).pdf?sequence=1).)
- Frenkel, R. and L. Taylor, "Real Exchange Rate, Monetary Policy and Employment," UN/DESA Working Paper 19, 2006. (Available online at http://www.un.org/esa/desa/papers/2006/wp19_2006.pdf.)
- Ghosh, A.R. and J.D. Ostry, "Choosing an Exchange Rate Regime," *Finance & Development*, Vol. 46, No. 4 (December), 2009, pp. 38-40. Available online at <http://www.imf.org/external/pubs/ft/fandd/2009/12/ghosh.htm>.)
- Hausmann, R., U. Panizza and E. Stein, "Why do Countries Float the Way They Float?," *Journal of Development Economics*, Vol. 66, 2001, pp. 387-414.
- Reinhart, C. and K. Rogoff, "The Modern History of Exchange Rate Arrangements: A Reinterpretation," *Quarterly Journal of Economics*, Vol. 119, 2004, pp. 1-48.
- Sachs, J. and F. Larrain, "Why Dollarization Is More Straitjacket than Salvation," *Foreign Policy*, No. 116 (Fall), 1999, pp. 80-92.
- Shatz, H. and D. Tarr, "Exchange Rate Overvaluation and Trade Protection: Lessons from Experience," World Bank Policy and Research Working Paper No. 2289, 2000. (Available online at <http://www.worldbank.org/research/trade/>.)
- Vernengo, M. and L.-P. Rochon, "Exchange Rate Regimes and Capital Controls," *Challenge*, Vol. 43, No. 6, 2000, pp. 76-92.
- Wang, S., "Examining the Effects of Dollarization on Ecuador," Council on Hemispheric Affairs, July 2016. (Available online at <http://www.coha.org/examining-the-effects-of-dollarization-on-ecuador/>.)
- Wolf, M., "Exchange Rate Arrangements: Spain and the United Kingdom," in G. Akerlof, O. Blanchard, D. Romer, and J. Stiglitz, eds., *What Have We Learned? Macroeconomic Policy after the Crisis*, pp. 245-256. Cambridge, Mass: IMF and MIT Press, 2014. (Available online at <https://www.imf.org/external/np/seminars/eng/2013/macro2/pdf/mw.pdf>.)
- Wray, L.R., "Modern Money Theory and Alternative Exchange Rate Regimes," in his *Modern Money Theory*, Chapter 5, pp. 148-186. Houndmills, England: Palgrave Macmillan, 2012.

Yi, G., "Exchange Rate Arrangements: The Flexible and Fixed Exchange Rate Debate Revisited," in G. Akerlof, O. Blanchard, D. Romer, and J. Stiglitz, eds., *What Have We Learned? Macroeconomic Policy after the Crisis*, pp. 257-262. Cambridge, Mass: IMF and MIT Press, 2014. (Available online at <https://www.imf.org/external/np/seminars/eng/2013/macro2/pdf/gy.pdf>.)

8. Is Government Spending a Source of Stability or Instability? (October 26)

[Term Test to be written during last hour of lecture time. Topic for Term Paper to be assigned.]

*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.

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," CEI 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.

Borg, A., "Fiscal Policy in the Shadow of Debt: Surplus Keynesianism Still Works," in G. Akerlof, O. Blanchard, D. Romer, and J. Stiglitz (eds.), *What Have We Learned?*, pp. 183-191. Cambridge, Mass: IMF and MIT Press, 2014.

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>.)

Eberly, J., "Defining the Reemerging Role of Fiscal Policy," in G. Akerlof, O. Blanchard, D. Romer, and J. Stiglitz (eds.), *What Have We Learned?*, pp. 179-182. Cambridge, Mass: IMF and MIT Press, 2014.

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 Conservative 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.

Jabobs, M. and M. Mazzucato, "Breaking with Capitalist Orthodoxy," *Dissent*, Spring 2017, pp. 33-42. (Available online at <https://www.dissentmagazine.org/author/michael-jacobs-and-mariana-mazzucato/>.)

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/>.)

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.
- Perotti, R., "The 'Austerity Myth': Gain Without Pain?," NBER Working Paper 17571, National Bureau of Economic Research, Cambridge, MA, 2011.
- Perotti, R., "Fiscal Policies in Recessions," in G. Akerlof, O. Blanchard, D. Romer, and J. Stiglitz (eds.), *What Have We Learned? Macroeconomic Policy after the Crisis*, pp. 193-207. Cambridge, Mass: IMF and MIT Press, 2014.
- Ramey, V., "Can Government Purchases Stimulate the Economy?" *Journal of Economic Literature*, Vol. 49, No. 3 (September), 2011, pp. 673-85.
- Roubini, N., "Fiscal Policy," in G. Akerlof, O. Blanchard, D. Romer, and J. Stiglitz (eds.), *What Have We Learned? Macroeconomic Policy after the Crisis*, pp. 209-222. Cambridge, Mass: IMF and MIT Press, 2014.
- 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.

9. Should Central Banks Be Targeting Inflation? (November 2)

- *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:

- Ball, L.M., "The Case for Four Percent Inflation," *Central Bank Review* (Central Bank of the Republic of Turkey), Vol. 13, May 2013, pp. 17-31. (Available online at <http://www.econ2.jhu.edu/People/Ball/four%20percent%20inflation%20cbank.pdf>.)
- Blanchard, O., G. Dell'Ariccia and P. Mauro, "Rethinking Macroeconomic Policy," *Journal of Money, Credit and Banking*, Vol. 42, 2010, pp. 199-215.
- 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>.)
- Côté, A., "Inflation Targeting in the Post-Crisis Era," Remarks to Calgary CFA Society, Calgary, Alberta, 18 November 2014. (Available online at <http://www.bankofcanada.ca/wp-content/uploads/2014/11/remarks-181114.pdf>.)
- King, M., "Twenty Years of Inflation Targeting," Stamp Memorial Lecture, London School of Economics, London, 9 October 2012. (Available online at <http://www.bankofengland.co.uk/publications/Documents/speeches/2012/speech606.pdf>.)
- Lavoie, M., *Introduction to Post-Keynesian Economics*. London: Routledge, 2007.
- 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>.)
- Walsh, C.E., "Inflation Targeting: What Have We Learned?" *International Finance*, Vol. 12, No. 2, 2009, pp. 195–233. (Available online at http://people.ucsc.edu/~walshc/MyPapers/INFI_1236.pdf.)

- Woodford, M., "Monetary Policy Targets after the Crisis," in G. Akerlof, O. Blanchard, D. Romer, and J. Stiglitz (eds.), *What Have We Learned?*, pp. 55-62. Cambridge, Mass: IMF and MIT Press, 2014.
- Yellen, J.L., "Many Targets, Many Instruments: Where Do We Stand?," in G. Akerlof, O. Blanchard, D. Romer, and J. Stiglitz, eds., *What Have We Learned? Macroeconomic Policy after the Crisis*, pp. 31-35. Cambridge, Mass: IMF and MIT Press, 2014. (Available online at <http://www.federalreserve.gov/newsevents/speech/yellen20130416a.pdf>.)

10. Should Central Banks Be Independent? (November 16)

[Note: First draft of the Term Paper is due.]

- *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.
- *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.
- *Vernengo, M., "Kicking Away the Ladder, Too: Inside Central Banks," *Journal of Economic Issues*, Vol. 50, No. 2 (June), 2016, pp. 452-460. (Available online at <http://dx.doi.org/10.1080/00213624.2016.1176509>.)

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.)
- 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.)

11. Why Is There Unemployment? (November 23)

[Note: Final draft of the Term Paper 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.

*Fullbrook, E., “‘Unemployment’: Misinformation in Public Discourse and Its Contribution to Trump’s Populist Appeal”, *real-world economics review*, No. 79 (March), 2017, pp. 158-162. (Available online at <http://www.paecon.net/PAERReview/issue79/>.)

Supplementary Readings:

- Bellemare, D. and L. Poulin-Simon, “The Challenge of full Employment,” in A. Fenichel and S.H. Ingerman, eds., *On the Political Economy of Social Democracy*. Montreal and Kingston: McGill-Queen’s University Press, 1991.
- Bernard A. and J. Usalca, “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>.)
- Bubonya, M., D.A. Cobb-Clark and D. Ribar, “The Bilateral Relationship between Depressive Symptoms and Employment Status,” IZA Institute of Labor Economics, Discussion Papers Series, IZA DP No. 10653, March 2017. (Available online at <http://ftp.iza.org/dp10653.pdf>.)
- Card, D. and A.B. Krueger, *Myth and Measurement: The New Economics of the Minimum Wage*. Princeton, NJ: Princeton University Press, 1995.
- Dantas, F. and L.R. Wray, “Full Employment: Are We There Yet?,” Levy Economics Institute, Public Policy Brief No. 142, 2017. (Available online at http://www.levyinstitute.org/pubs/ppb_142.pdf.)
- 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 Elgan, 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>.)

12. Should Full Employment Be a Policy Objective? (November 30)

- *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 21, pp. 221-230.
- *Dantas, F. and L.R. Wray, “Full Employment: Are We There Yet?,” Levy Economics Institute, Public Policy Brief No. 142, 2017. (Available online at http://www.levyinstitute.org/pubs/ppb_142.pdf.)

Supplementary Readings:

- Benjamin, D., M. Gunderson, T. Lemieux and W. Riddell, *Labour Market Economics*. Toronto: McGraw-Hill Ryerson, 2007.
- Berg, J. (ed.), *Labour Markets, Institutions and Inequality: Building Just Societies in the 21st Century*. Cheltenham and Geneva: Edward Elgar and International Labour Organization, 2015.
- 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.
- Minsky, H.P., *Ending Poverty: Jobs, Not Welfare*. Annadale-on-Hudson: Levy Economics Institute of Bard College, 2013.
- Mitchell, W. and J. Muysken, *Full Employment Abandoned: Shifting Sands and Policy Failures*. Cheltenham: Edward Elgar, 2008.
- Prince, M.J., *Inclusive Employment for Canadians with Disabilities: Toward a New Policy Framework and Agenda*, IRRP Study No. 60. Montreal: Institute for Research on Public Policy, 2016. (Available online at http://irpp.org/wp-content/uploads/2016/08/study-no60.pdf?mc_cid=d505d1a935&mc_eid=847a276829.)
- 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.
- Roubini, N., "Rise of the Machines: Downfall of the Economies?," *Roubini's Edge*, December 8, 2014. (Available online at <http://www.roubinisedge.com/nouriel-unplugged/rise-of-the-machines-downfall-of-the-economy>.)
- Stanford, J., "Revisiting the 'Flexibility Hypothesis'," *Canadian Public Policy*, Vol. 31, No. 1, 2005, pp. 109-116.
- Tcherneva, P., "Full Employment: The Road Not Taken," Working Paper No. 789, Levy Economics Institute of Bard College, 2014.
- 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.