

Course Syllabus

ECO407H1F – Competing Views in Macroeconomic Theory and Policy

Department of Economics
University of Toronto St George
Winter 2022

Contact Information

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Contact Hours

The format of the course is in person. Class attendance and participation are important. Lectures are 3:10-6pm on Wednesdays in WW121, where we may use the last hour for discussion and office hours. A detailed course outline follows.

Communication

All emails should be directed to prof. Vellekoop: n.vellekoop@utoronto.ca. Please use “ECO407” in the subject line, and please allow for a response within 1-2 business days. Please be brief, clear and specific in your email. Please use your UTOR e-mail account (the “utoronto” account). E-mails from other accounts may not reach me and your e-mail address helps me to identify you. Please include your full name, preferred name, and student number in the body of the email. If there is no response after 3 business days, please re-send your message to remind me.

Course Objectives

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. The second learning goal is academic discussion. There will be lots of room for discussion in class, and I expect you to come prepared (having read assigned readings before class). Discussing and disagreeing are academic competencies, and we will practice those in

class (where I expect civility from everyone). However, I also expect a level of tolerance for mistakes. Another learning goal is writing, which is in essence another form of academic discussion. During the course I will provide pointers for how to write, find literature and avoid plagiarism. At any point you can raise writing-related questions with me.

Prerequisites

ECO200Y1/ECO204Y1/ECO206Y1, ECO202Y1/ECO208Y1/ECO209Y1, ECO220Y1/ECO227Y1/ (STA237H1, STA238H1)/ (STA247H1, STA248H1)/ (STA257H1, STA261H1)

Prerequisites are strictly checked and enforced and must be completed before taking a course. By taking this course you acknowledge that you will be removed from the course at any time if you do not meet all requirements set by the Department of Economics.

Course Materials

- Hassan Bougrine and Mario Seccareccia, *Introducing Macroeconomic Analysis: Issues, Questions, and Competing Views*. Toronto: Emond Montgomery Publications Ltd., 2010. This book is out of print, and I am currently talking with the bookstore how to provide replacement copies.
- Ha-Joon Chang, *23 Things They Don't Tell You about Capitalism*. New York: Bloomsbury Press, 2010.

Also recommended but not required: John Komlos, *Foundation of Real-World Economics*, second edition. New York: Routledge, 2019.

Evaluation

- 10% Participation in class, which includes attendance (showing up), being prepared and participation in class discussions. You may miss one class without reason from classes 2-11 (though I would prefer if you drop me a short email before). If something happens with your internet or computer during class, you can compensate that with "extra" participation in next lectures.
- 10% Prepared comments in one or two classes, details to follow.
- 40% Two essays, 20% each. Deadlines below, I will provide a topic and literature for both essays.
- 40% Final Exam, 2 hours. The final exam will be scheduled by A&S.

All written work needs to be submitted through Quercus.

	Weight	Handed out	Deadline
1	20%	February 14	February 28, 11:59PM ET
2	20%	March 14	March 28, 11:59PM EDT

Late Submissions

- Late assignments will be subject to a late penalty of 20% per day (including weekends) of the total marks for the assignment. Assignments submitted five calendar days beyond the due date will be assigned a grade of zero. Assignments handed in AFTER the work has been returned to the class cannot be marked for credit.

- If you require an extension of time please request this at least 5 business days in advance. Asking for an extension the day before, or the day of, is not a sufficient amount of time.
- Computer viruses, crashed hard drives, broken printers, lost or corrupted files, incompatible file formats, faulty internet, battery problems, and similar mishaps are common issues when using technology, and are not acceptable grounds for a deadline extension.
- It is every student's responsibility to ensure that their online submission is submitted successfully by the due date. Accommodations will not be made for unsuccessful submissions due to, but not limited to, i) the system timing out, ii) submitting the incorrect document(s), iii) poor internet connection / no internet connection etc.

Missed Term Work

Students who miss a test / due date because of circumstances beyond their control (e.g. illness or an accident) can request that the Department grant them special consideration. The following steps must be completed in order to be considered for academic accommodation for any missed quiz/test/assignment.

1. Your absence must be declared on ACORN on the day of the missed test / due date, or by the day after, at the latest.
2. You must notify your professor by e-mail within one week of the missed test / deadline.
3. Consult the Office of the Registrar should your absence be lengthy or affect multiple courses.

Note that it is your responsibility to ensure that your email account is working. Claims that a Departmental decision was not received will NOT be considered as a reason for further consideration.

Note that holidays and pre-purchased plane tickets, family plans, your friend's wedding, lack of preparation, or too many other tests/assignments are not acceptable excuses for missing a quiz, a test or an item of term work.

Regrade Request

After you have received grades and feedback on your written work, you may have questions. The office hour is the appropriate place, and if necessary, we can schedule a separate meeting. If you are of the opinion that a mistake has been made in the grading, you have one month from the date term work is returned to file a regrade request. This must be done in writing, by email to n.vellekoop@utoronto.ca. Be specific what the regrade request is about. I will review the entire piece of term work, and as a result your grade may go up, go down, or stay the same.

Privacy and Use of Course Materials

Notice of video recording and sharing (Download and re-use prohibited)

This course, including your participation, may be recorded on video and will be available to students in the course for viewing remotely and after each session. Course videos and materials belong to your instructor, the University, and/or other sources depending on the specific facts of each situation, and are protected by copyright. Do not download, copy, or share any course or student materials or videos without the explicit permission of the instructor. For questions about recording and use of videos in which you appear please contact your instructor. Notwithstanding the above statement, I reserve the right not to record the lectures.

Student Conduct

It is your responsibility as a student at the University of Toronto to familiarize yourself with, and adhere to, [The Code of Student Conduct](#), which is a University policy that sets out expectations for student behavior, and prescribes processes for dealing with prohibited behaviour.

The [Student's Companion to the Student Code of Conduct](#) is a set of frequently asked questions and the responses about the Code of Student Conduct. It aims to simplify and clarify Code usage for the University's community members.

Netiquette What is netiquette? Netiquette is the code of conduct that an instructor expects in an online environment that is similar to what they expect in the classroom.

- Adhere to the same standards as you would in the classroom. For example, respect your peers. Use proper and respectful language and refrain from any insults, threats or bad jokes. You may think you are being funny by the minor insults, but you are not. Not everyone will have your same sense of humor.
- Be forgiving of mistakes. Do not point out insignificant errors of other students in front of the whole class. It's counterproductive and interrupts the flow of discussion.
- It is advised to mute your microphone during lecture. Background noises are distracting to everyone including how hard you type on your keyboard. Believe it or not, it makes more noise than you think.
- When your professor asks a question please use the chat function to queue your answer. This also applies if you have to ask a question. Use the chat function and your professor will answer the questions in the order they appear. Be patient. There will be delays and your instructor and/or your peers need a few moments to read.
- Before you hit the enter key to send messages through the chat function please re-read your response or question carefully and check for errors. Please note it is okay to make minor errors so long as you are understood.
- Be clear and concise but do not use texting language. Full sentences please. Note: It's okay to use emoji's but do not overdo it. 😊
- Be mindful of internet language, e.g. the interpretation of all cap letters is that you are shouting.
- Do not dominate the discussion. Give other students the opportunity to join in the discussion and present their ideas.
- Be positive. Do not start "flame wars" (emotionally-charged opinions) and intervene if you see this happening in a positive matter. Challenge the idea and not the student directly. Remember the purpose of a discussion is to increase your knowledge base.
- Do not make fun of someone's ability to read, write or speak. Remember we are all here to learn in a supportive environment.
- Avoid using slang and/or vernacular language. UofT is a very diverse community and this could possibly lead to misinterpretation, especially in the chat function.
- If someone posts information that you think may have been posted accidentally, let them know about it privately. Do not spread the accidental post to your peers. Remember we all make mistakes.

Academic Integrity

Academic integrity is essential to the pursuit of learning and scholarship in a university, and to ensuring that a degree from the University of Toronto is a strong signal of each student's individual academic achievement. As a result, UofT treats cases of cheating and plagiarism very seriously.

The University of Toronto's [Code of Behaviour on Academic Matters](#) outlines behaviours that constitute academic dishonesty and the process for addressing academic offences. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment.

On tests and exams:

- Using or possessing unauthorized aids.
- Looking at someone else's answers during an exam or test.
- Misrepresenting your identity.

In academic work:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required, including (but not limited to) doctor's notes.

With regard to remote learning and online courses, UofT wishes to remind students that they are expected to adhere to the [Code of Behaviour on Academic Matters](#) regardless of the course delivery method. By offering students the opportunity to learn remotely, UofT expects that students will maintain the same academic honesty and integrity that they would in a classroom setting. Potential academic offences in a digital context include, but are not limited to:

Remote assessments:

- Accessing unauthorized resources (search engines, chat rooms, Reddit, etc.) for assessments.
- Using technological aids (e.g. software) beyond what is listed as permitted in an assessment.
- Posting test, essay, or exam questions to message boards or social media.
- Creating, accessing, and sharing assessment questions and answers in virtual "course groups."
- Working collaboratively, in-person or online, with others on assessments that are expected to be completed individually.

All suspected cases of academic dishonesty will be investigated following procedures outlined in the [Code of Behaviour on Academic Matters](#). If you have questions or concerns about what constitutes appropriate academic behaviour or appropriate research and citation methods, you

are expected to seek out additional information on academic integrity from your instructor or from other [institutional resources](#).

Another helpful document that you should read is [How Not to Plagiarize](#), by M. Procter.

Course Outline

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 (January 12)

*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.
- Pressman, S. and R. Holt, “Teaching Post Keynesian Economics to Undergraduate Students,” *Journal of Post-Keynesian Economics*, Vol. 26, No. 1, Fall 2003, pp. 169-186.

- 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/>)
- Stiglitz, J.E., "The Non-Existent Hand," *London Review of Books*, Vol. 32, No. 8 (April), 2010. (Available online at <https://www.lrb.co.uk/v32/n08/joseph-stiglitz/the-non-existent-hand>)
- 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 (January 19)

*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)

*Ponsot, J.-F., "Rethinking Money," in Rochon, L.-P. and S. Rossi (eds.), *A Modern Guide to Rethinking Economics*, Chapter 6, pp. 114-128. New York: Edward Elgar Publisher, 2017. (Available online at: <https://www.elgaronline.com/view/9781784717209.00015.xml>)

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/PAEReview/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 (January 26)

*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>)

*Komlos, J., "Taste Makers and Consumption," in *Foundations of Real-World Economics*, Chapter 5, pp. 81-98. (Available online at <https://www.taylorfrancis.com/books/9781315099972/chapters/10.4324/9781315099972-5>)

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.
- Blecker, R.A., "Wage-Led versus Profit-Led Demand Regimes: The Long and the Short of It," *Review of Keynesian Economics*, Vol. 4, No. 4, Winter 2016, pp. 373-390.
- 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 (February 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

- Bibow, J., "The Loanable Funds Fallacy: Exercises in the Analysis of Disequilibrium," Cambridge Journal of Economics, Vol. 25, No. 5, 2001, pp. 591-616.
- Blecker, R.A., "Wage-Led versus Profit-Led Demand Regimes: The Long and the Short of It," Review of Keynesian Economics, Vol. 4, No. 4, Winter 2016, pp. 373-390.
- 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>)
- Hayes, M.G., "The Loanable Funds Fallacy: Saving, Finance and Equilibrium," Cambridge Journal of Economics, Vol. 34, No. 4, 2010, pp. 807-820.
- Junankar, P., "Neoclassical Theories of Investment," in H. Vane and B. Snowdon, eds., Encyclopaedia of Macroeconomics. Cheltenham: Edward Elgar, 2002.
- Komlos, J., "Returns to the Factors of Production," in Foundations of Real-World Economics, second edition, Chapter 7, pp. 109-141. New York: Routledge, 2019.
- 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 Government Spending a Source of Stability or Instability? (February 9)

*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.

*Llorca, M., "Rethinking Fiscal Policy," in Rochon, L.-P. and S. Rossi (eds.), *A Modern Guide to Rethinking Economics*, Chapter 9, pp. 169-181. New York: Edward Elgar Publisher, 2017. (Available online through UofT library system.)

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>)
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