The Keynesian Century
Spring 2013; IDSEM-UG-1717
Mondays and Wednesdays 9:30-10:45
1 Washington Place Room 601

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Office Hours: Monday 11:00am to 12:00pm

Course Description
This class explores the intellectual history of economics during the 20th Century, and particularly the central economist of that century: John Maynard Keynes. What factors led to the ascendancy of Keynesian economics during the middle of the 20th Century? What role did historical events such as the Great Depression, World War II, the Vietnam War and Stagflation play in determining this ascendance? What did the new, post-WWII technocratic class take from Keynes and what did they ignore? What led economists to largely disavow Keynes’ insights towards the end of the 20th Century? What does “Keynesian economics” even mean? We also examine works from the various schools of economic thought that emerged during the 20th century, all of which—in no small part—defined themselves either in support of or in opposition to Keynes’s ideas.

Course Objectives.

• Understand the context for the rise and fall of Keynesian economic ideas throughout the middle of the 20th Century
• Appreciate economics as an academic discipline full of disagreement and debate.
• Improve analytical skills.
• Understand the cultural and historical forces that shape knowledge.

Course Requirements

Short Essays (Due 2/27, 4/3, 5/1) 30%
Final (Due 5/21) 20%
Final Paper (Due 5/13) 25%
Paper Proposal (Due 4/10) 5%
Class Participation (including discussion board) 20%
**Midterms:** There will be three short written assignments that I am calling “midterms” for lack of a better word. The midterms will consist of short essay questions about the material we are discussing in class. They will each be worth 10% of your grade.

**Final:** The final will consist of several short answer questions, similar to the short essays, that tie together some themes of the class. The final will be worth 20% of your grade and it will be due by the end of the day on May 21st.

**Final Paper:** Your final paper will consist of a 12-15 page paper on a topic of your choosing, relevant to the class. The paper is worth 25% of your grade. The paper process has three steps:

1. Meet with me to get tentative approval of a specific topic.
2. Write a 1-2 page proposal outlining the basics of the paper as well as providing preliminary sources by April 10th (5% of your total grade).
3. Hand in the paper by the last day of class, May 13th.

**Class Participation:** The intention of this course is to focus on student led discussion. The material we will be exploring comes with some challenges for such a format. Economics is a technical subject that is traditionally taught by the instructor lecturing the class. As a result I will occasionally lecture to clarify certain things, but I do expect you to come in to class prepared to discuss the course material. In general, keeping up with the material means attendance is very important and it will count towards your participation grade. After a student has missed two classes, points will start to be deducted from their participation grade. Students who miss attendance at the beginning of class will be counted as absent.

**Electronic Gadgets:** Checking your email on your electronic gadget is one of the surest ways to reduce your engagement with the class. I will tentatively tolerate electronic gadgets in the classroom. However, if I feel they are standing in the way of class discussion phones, tablets and laptops, etc. will be banished from the classroom.

**Discussion Board:** All students will be required to post on our course’s discussion board on the NYU Classes page at least once a week. You must post a question about the reading. Specifically, I am looking for students to highlight aspects of the reading that they do not understand or would like to have clarified. This can be a technical issue, some historical detail, or whatever. For this to work, however, students need to give me enough time to process the questions. Discussion board questions for each week are due by Sunday at noon. I will then try to answer questions in class or on the message board. Students who are feeling adventurous are welcome to post answers to questions and will receive credit for posting on the discussion board provided the answers are reasonable. The deadline for student answers will be when I
answer the question in class or on the message board. Because this requirement is somewhat demanding, since it requires that students have already read the material by Sunday afternoon, I will allow each of you to miss 4 out of the 14 weeks of questions.

**Missed/Late Assignments:** Assignments not handed in on time will lose one letter grade per class until they are handed in. Assignments not handed in at all will be counted as a zero. No make-up or extra credit assignments will be offered. Missing assignments will not be cause for students to earn an “incomplete” in the class. There must be some other legitimate complicating factor. As well, as a clear plan for making up assignments will be a condition of an incomplete grade.

**Plagiarism:** Don’t copy anyone’s ideas without giving them credit.

As a Gallatin student you belong to an interdisciplinary community of artists and scholars who value honest and open intellectual inquiry. This relationship depends on mutual respect, responsibility, and integrity. Failure to uphold these values will be subject to severe sanction, which may include dismissal from the University. Examples of behaviors that compromise the academic integrity of the Gallatin School include plagiarism, illicit collaboration, doubling or recycling coursework, and cheating. Please consult the Gallatin Bulletin or Gallatin website for a full description of the academic integrity policy.

**Required Text:**


**Class Schedule:**

*The Depression sucked:*

**Jan 28:** Class Introduction; Some preliminary Stuff.


**Suggested:** Temin, Peter (1989). *Lessons from the Great Depression. Lecture 1 & 3*

*Prehistory of Thought:*


**Recommended:** Patinkin, Don (1982) *Anticipations of the General Theory? Ch 4*
Say, Jean-Baptiste (1803). A Treatise on Political Economy. pgs 132-146
http://delong.typepad.com/sdj/2010/10/what‐does‐cutting‐edge‐macroeconomics‐tell‐us‐about‐economic‐policy‐for‐the‐recovery.html

Keynes makes sure you understand he’s a Genius:
Feb 11: Keynes, John Maynard (1936). The General Theory of Employment, interest and Money
Ch 1-3 (3-35)

Psychological Essentials:
Feb 13: General Theory. Ch 8, 9, 10
Feb 20: General Theory. Ch 5, 12, 15
Short Essay #1 Assigned

The General Theory of Interest:
Feb 25: General Theory. Ch 13, 15
Recommended: General Theory. Ch 7, 11
Feb 27: General Theory. Ch 16, 17
Short Essay #1 Due.

The General Theory of Employment Re‐stated
Mar 4: General Theory. Ch 18, 19, 20
Mar 6: General Theory Ch 22, 24

Keynes as we know him:
“Econometrica” Vol 5. No 2. (12 pages)
Hansen, Alvin (1949). Monetary Theory and Fiscal Policy. Ch 12
Minority Men:


Triumph of the Technocrats.

Mar 25: Samuelson, Paul (1967). “Economics” Ch. 8
Recommended: Galbraith, John Kenneth. “The Affluent Society” Ch. 17

Short Essay #2 Assigned

Yippies to Yuppies.


Short Essay #2 Due

Milton Friedman: An Economist’s Economist

http://www.nybooks.com/articles/archives/2007/feb/15/who-was-milton-friedman/?pagination=false

Paper Proposal Due

Milton Friedman: Vanguardist of Freedom

Apr 17: Friedman, Milton Capitalism and Freedom. Ch. 1-2, 11-12
Fiscal Policy vs Monetary Policy


Short Essay #3 Assigned

The Phillips Curve Debate

Apr 29: Forder, James (2010).”Economists on Samuelson and Solow on the Philips Curve” University of Oxford Economics Department Discussion Paper Series No. 516

Short Essay #3 Due

New Classical and DSGE


May 13: Tie up loose ends (TBA!).