The aim of this course is to provide an introduction to formal macroeconomic models within a broadly behavioral and structuralist tradition, incl. Keynesian and neo-Marxian theories. Thus, the course complements Econ 705 on "mainstream" macroeconomic theory and Econ 706 with its broader analysis of issues relating to Keynes's theory and methodology.

Course requirements: weekly problem sets, a midterm and a final exam, and participation in class discussions of the readings.

Preliminary course outline and readings:

1. Introduction (1 week)

Readings:


Handout
2. The stability problem (1 week)
   a. The Keynesian argument
   b. Taylor rules and liquidity traps

Readings:


Handouts.

3. Full employment, the reserve army and the NAIRU (2-3 weeks)
   a. Fragility of standard theory
   b. Money illusion
   d. Hysteresis
   e. Institutional issues

Readings:


4. *Wage inequality, overeducation and power-biased technological change* (1-2 weeks)

Readings:


5. *Growth cycles and the long run* (2-3 weeks)
   a. stagnationist models
   b. growth cycles in Harrodian and classical models

Readings:


6. **Financialization and Minskian long waves (2 weeks)**
   a. Stock-flow consistency and the ‘neo-Pasinetti theorem’
   b. Financialization
   c. Minsky & financial instability

**Readings:**


7. Secular stagnation, functional finance and public debt (2 weeks)
   a. Structural liquidity traps
   b. Functional finance and public debt

Readings:


8. Uncertainty, "historical time", and the strengths and limitations of formal models 
(1/2 week)

Readings:

