Econ 8 History of Modern Macroeconomics

Fall 2016 – First Module

Administrative Details

Instructor:  Professor K.D. Hoover
Lecture:  Mondays, 10:05-12:35 PM, first module (29 August-17 October 2016), 105 Social Science;
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Course website:  http://public.econ.duke.edu/~kdh9/Courses/Graduate%20Macro%20History/GradMacroHistory.htm
Office Hours:  While I am not holding regular office hours, I am easily available outside of class by appointment. Arrange an appointment either by talking to me before or after class or by e-mail.

Prerequisites

Graduate status.

Course Description

How did macroeconomics come to be as we know it today? The problems that macroeconomics addresses are very old; yet, before the 1930s, there was no clear distinction between micro- and macroeconomics. The background to modern macroeconomics is found in monetary theory, starting in the mid-18th century and business cycle analysis, starting in the mid-19th century. The course begins with this background and emergence of a distinct field at the hands of John Maynard Keynes and the econometricians, Ragnar Frisch and Jan Tinbergen – in large part in reaction to the Great Depression. The development of macroeconomics is traced with special reference to the policy problems it addressed (e.g., the problems of growth and inflation) and its technical challenges (e.g., microfoundations and macroeconometrics). The course carries the story of macroeconomics up through the early debates between the New Classical and New Keynesian schools to the beginnings of dynamic stochastic general-equilibrium (DSGE) models and structural vector autoregression (SVARs) that dominate macroeconomics today.

Required Work and Grading

This course is mainly a lecture and discussion aimed at introducing developing professional economists to the history of their own field and to introduce the student to the area of history of economics. To a large extent, attending class is meant to be its own reward. The emphasis, therefore, is not on assessment. The main work that I want you to do is to keep up with the weekly readings and to think about them so that we can discuss them. To that end, the grade will be based on two things: 1) class attendance and
discussion and 2) weekly questions. Each student will be expected to write three discussion questions that arise out of the readings each week. The question itself may be a single sentence, but it should be accompanied by a short paragraph that explains its context and importance. I will use what seem to me to be the best of these questions as the basis for our class discussions. The questions should be submitted via e-mail no later than 12 Noon on the day of class (Mondays).

**Academic Ethics**
I will hold you to strict standards of academic ethics. Please click on the Academic Honesty link on the course website for the detailed policy.

**Readings**
All readings are electronically accessible: go to the Readings link on the course website. From there, you can either click on direct links through the library or download through links to a secure directory. I will send the login and password information for the secure directory to registered members of the class by e-mail. (If you need the login and password and don’t have it, please e-mail me.) Unless I make an explicit announcement to the contrary, we will cover one topic per week, and you should have already completed the readings before class on Mondays.

A. **Readings in the History of Modern Macroeconomics**

**Key:** * = primary (i.e., original) historical source material; unstarrred items = secondary sources (i.e., commentary).
(Note well: secondary sources are not less important for the class.)

**Topic 1. The Background to Modern Macroeconomics (before the 1930s)**

**Topic 2. The Great Depression: Keynes and His Critics (the 1930s)**
David Laidler, *Fabricating the Keynesian Revolution* (1999), ch. 4 & 5 excerpts.
3. Macroeconometrics and the New Economics (1930-1950)


