Lecture 15: Keynes

In this lecture, we cover Keynes as well as some of the developments following his *General Theory*, notably the work of Kalecki and the Harrod-Domar model of growth.

Our textbook is quite detailed in its explanation of the basic Keynesian model (the multiplier and the liquidity preference), probably since much of it has disappeared from introductory textbooks in economics over the last decades. Since Keynes is still reasonably well remembered in Europe, we can be rather brief here.

The really new achievement in the Keynesian theory is that the balancing of savings and investment is achieved *not* through interest rates but through income.

We add a few comments on Kalecki (a Marxian perspective on Keynesianism) and also use a some time on the extension of the static Keynesian model to equilibria over time in the so-called Harrod-Domar model. A brief version can be found in Lecture Note 15.

We read: E&H, chapter 21.