

John Maynard Keynes, *The General Theory of Employment, Interest and Money*, cha. 1 and 24.

Question for chapter 1 of Keynes' text

1. In what sense General Theory... of Keynes is 'general' in comparison to *classical economics*?

Questions for chapter 24 of Keynes' text

1. What are the main evils of capitalism according to Keynes?
2. How could Keynes' economic theory contribute to the reduction of economic inequalities?
3. Some economic theories argue that large degree of inequality is favorable to economic growth. Why and how Keynes answers those theories?
4. What is the general attitude of Keynes to economic inequalities?
5. What are his two arguments in favor of inequalities?
6. Why he argued for state regulation of the interest rate?
7. What prescriptions in economic policy are implied by Keynes' theory? Did he perceive them as radical (see part III)?
8. What are two main advantages of capitalism according to Keynes? What was his attitude toward socialism?
9. What would be other consequences of implementation of Keynes' economic policy (part IV)?

Milton Friedman, *The Role of Monetary Policy*, American Economic Review, 1968.

Questions for Friedman's text

1. According to Friedman, why economists in 1930s-50s generally agreed that monetary policy is ineffective?
2. Why the attitude toward monetary policy changed in 1960s?
3. Why monetary policy can not control interest rates? (p. 7-9).
4. Why monetary policy can not permanently determine the rate of unemployment? (p.9-10). Describe all steps of Friedman's reasoning.
5. What kind of monetary policy could permanently lower the rate of unemployment?
6. What is "natural rate of unemployment? Find its characteristic features (p. 7 on).
7. Can natural rate of unemployment be lowered? By what means of policy?
8. What three aims monetary policy can achieve?
9. What are practical criteria of conducting monetary policy? What variables can be regulated by monetary authority? What should be avoided by this authority?
10. What is Friedman's specific prescription for conducting monetary policy in practice?