

STUDY QUESTIONS FOR KEYNES: CRITIQUE OF "CLASSICAL" THEORY OF EMPLOYMENT

CHAPTER 1: The General Theory

1. What does Keynes mean that classical theory is a special case of a more general theory of employment? (Note Keynes' unusual definition of "classical economics".)

CHAPTER 2, pp. 2-15: Postulates of the Classical Theory of Employment.

1. What are the two main postulates of the classical theory of employment, according to Keynes?
2. What are Keynes' two criticisms of the classical theory?

CHAPTER 19, pp. 257-60: Changes in Money-Wages.

1. Summarize Keynes' critique of the classical aggregate demand for labor function (i.e the "first postulate" in Chapter 2).
2. Summarize Keynes' critique of the classical argument that a reduction in money-wages would increase employment.

BLAUG, Chapter 11, p. 420:

1. Review Blaug's brief discussion of Keynes' critique of the classical aggregate demand for labor function and the classical analysis of the effects of a wage cut on employment.

BLAUG, Chapter 16, pp. 641-51:

1. Summarize Blaug's explanation of the success of the "Keynesian Revolution."