This is the first course in the graduate macroeconomics sequence. It surveys the formal models that are invoked in the contemporary debates of macroeconomic policy; including classical, Keynesian, new classical and new Keynesian theories.

Macroeconomics as a field of study was motivated by an empirical fact, the Great Depression. Likewise, this course begins with a survey of the stylized facts of short-term, economy-wide instability. Nevertheless, much of the semester is devoted to the analysis of formal models at a theoretical level. Particular attention is given to the search, not for empirical explanation, but for coherence with microeconomics theory.

Wendy Carlin and David Soskice, *Macroeconomics: Imperfections, Institutions and Policies* has been ordered at the bookstore.

The grading scheme is:

- homework assignments: 20%
- midterm examination, October 6th 2:00-3:30: 35%
- final examination, December 12th 1:00-3:00: 45%

Late assignments lose points and the exams must be taken at the scheduled times. Incompletes are not generally given for nonmedical reasons.

### Topic Outline and Reading List

1. **Introduction**

2. **The Classical Model**
   Kiefer, chapter 4.1-4.2.
   Carlin and Soskice, chapter 2.

3. **The Keynesian Model**
   Keynes, chapter 18.
   David Romer, *Advanced Macroeconomics*, chapter 5
   Sargent, chapter 2.

4. **The Quest for Microfoundations: Nonclearing Markets**
   Kiefer, chapters 2 and 4.
   Carlin and Soskice, chapter 15.

5. **The Phillips Curve and Natural Rate Hypothesis**
   Snowdon and Vane, part 2, readings 7.
Kiefer, chapter 5.1-5.5.
Carlin and Soskice, chapter 3 and 4.

6. New Classical School and Rational Expectations
David Romer, chapter 6, part A
Kiefer, chapters 5 and 6.

7. The New Keynesian School
David Romer, chapter 6, parts B and C
Kiefer, chapter 9.

8. Endogenous Policy
Kiefer, chapter 9.
Carlin and Soskice, chapters 5 and 6.

9. The Political Business Cycle
Kiefer, chapters 10 and 11.
Carlin and Soskice, chapter 16.

10. Review and conclusion