This course is the second Part of a two-semester integrated sequence in macroeconomics.

Course Requirements:
There will be two midterms and a comprehensive final examination. The first midterm will be in early October and the second in middle November. Each midterm represents 30 percent of your grade. The final exam counts 40 percent.

Homework:
I will hand out several homework problems (review questions) throughout the term which are not to be handed in -- they are for your own consumption (investment?) Students are encouraged to work together on these problems.

Textbooks:

Course Outline:
Optional readings are denoted by an *. Background reading is optional depending upon the student's previous exposure to the material. All other readings are required.

Other Readings:
All the books mentioned in the course outline will be on reserve or I will have the relevant sections at the copy center. Journals are not on reserve but are noncirculating material. Many of the journal articles can also be found at the copy center.
I. Introduction and Review

The material for the review is from Meyer's *Macroeconomics: A Building Approach.*

Other texts that you might want to consult include:

The topics to be discussed in the review include:
- IS-LM derivation
- A full macroeconomic model
- Walras' Law
- Classical and Keynesian Versions of the Model
- Comparative Statics Analysis
- Demand for and the Supply of Labor
- The Phillips Curve
- Neutrality and Dichotomy
- Consumption Theory

II. Static Income Determination Theory (A More General Presentation)

- Turnovsky, Chapter 2.
- Turnovsky, Chapter 3 (pp. 36-43 only).
- Background: Branson (Chapter 3, 4, 5); Gordon (Chapters 3, 4, 5); D-F (Chapters 3, 4).

III. Recent Controversies in Monetary and Fiscal Policy

A. Government Borrowing and Wealth Effects

- *Discussion of Barro in JPE, March/April 1976.
- Bailey, op. cit., Chapter 9.

B. The Government Budget Constraint

- Turnovsky, Chapter 4.
- JPE, Special Issue on Monetary Theory, Sept./Oct. 1972 -- Read J. Tobin (pp. 852-63) and M. Friedman (pp. 912-23) only.
IV. Topics in Inflation Theory

A. The Phillips Curve

Background: Branson (Chapters 17, 18); Gordon (Chapters 8, 9, 10); D-F (Chapter 13); Turnovský, Chapter 5.

B. The Effects of Anticipated and Unanticipated Inflation

Turnovský, Chapter 6 (pp. 104-114 only).
*Gordon, Chapter 11.

C. Expectations and Economic Policy


V. Disequilibrium Models

*Patinkin, op. cit., Chapters 13-14.

VI. Continuous Time Analysis

Turnovský, Chapter 3 (Sections 8-12).
Kamien and Schwartz, as much as time permits.