Textbooks:


Examinations and grading:
Three midterm exams will be given at approximately the end of each month. Exams will be given during the early evening hours rather than during class time. Date, time and place will be announced. Each exam will have two questions.

Reading Assignments:
I. Aggregate Demand
   A. Consumption Theory
      3. Modigliani and Brumberg, Utility Analysis and Consumption
      4. Friedman, The Permanent Income Hypothesis
   B. Investment
   C. Goods Market Equilibrium
      1. Havrilesky and Boorman, pp. 341-345.
   D. Money Demand
      1. Branson, pp. 243-266.
      D-a Transactions Demand
         2. Havrilesky and Boorman, pp. 117-137.
      D-b Speculative Demand
         5. Tobin, Liquidity Preference as Behavior Toward Risk.
      D-c Quantity Theory
   E. Money Supply
      (2. Havrilesky and Boorman, pp. 1-113 optional)
F. Money Market Equilibrium
   1. Havrilesky and Boorman, pp. 345-350
   2. Branson, pp. 56-64.

G. Aggregate Demand Theory
   2. Branson, pp. 64-70 and 71-92.
   3. Havrilesky and Boorman, pp. 200-219 (Friedman).

H. Open Economy Models of Aggregate Demand

II. Aggregate Supply
   A. Neoclassical Supply Models

   B. Neoclassical-Keynesian Synthesis

   C. The Phillips Curve and Rational Expectations
      1. Branson, pp. 146-163.
      3. Havrilesky and Boorman, pp. 451-469 (Humphrey).
      4.* Gilbert, The Rational Expectations Hypothesis.
      5.* Hanson: Excess Demand, Unemployment, Vacancies and Wages.

III. Macroeconomic Critiques
   A. The Policy Debate
      1.* Sargent: pp. 158-190.
      2.* Miller: Higher Deficit Policies Lead to Higher Inflation
      3.* Darby: Some Pleasant Monetarist Arithmetic
      4.* Miller and Sargent: Reply to Darby

   B. NeoKeynesian Models
      3.* Winetraub: The 4827th Reexamination of Keynes' System.
Fall 1987

8-26  Introduction
8-31  Microfoundations of consumption
9-2   Modigliani LCH
9-9   Friedman PIH
9-14  Investment
9-16  Goods market equilibrium
9-21  Transactions demand for money and regressive expectations
9-23  Portfolio balance model
9-28  EXAM 1
9-30  Quantity theory, money market equilibrium, endogenous money
10-5  Simple IS-LM manipulation
10-7  Cramer's rule
10-12 Aggregate demand
10-14 Government budget constraint
10-19 Interest rates and intro to the open economy
10-21 Macro implications of balance of payments
10-26 Open economy adjustment
10-28 EXAM 2
11-2  Standard production theory labor market equilibrium
11-4  Aggregate supply and AS/AD adjustment
11-9  Market clearing unemployment
11-11 Keynesian aggregate supply
11-16 Labor market adjustment
11-18 Phillips curve analysis
11-23 EXAM 3
11-25 Rational expectations
11-30 The macro policy debate
12-2  Equilibrium and disequilibrium
12-7  Effective demand
12-9  Rationing models
12-14 FINAL EXAM