Sequence of topics to be covered in Applied Macro class


**Topic 2:** Keynesian Macroeconomics: Consumption Function (Old and New arguments for behavior of consumption), Investment Function (old and new versions), Samuelson's Accelerator Principle and Business Cycles, Underemployment equilibrium, multiplier process, role of fiscal policy and estimation of Keynesian macroeconomic relationships.


**Topic 4:** Monetarism: Basic Tenets: Revised Quantity theory, Stable money demand function, three effects, monetary rule prescription. Fiscal policy and Monetarists: Crowding out hypothesis and its empirical evidence. Instability of velocity of money and monetarists, problems.

**Topic 5:** IS-LM-BB curve network: Derivation of curves and use for policy analysis. Macro-theory in open economy setting.


**Topic 7:** Expectations Hypotheses: Adaptive expectations and rational expectations with 1970s as the evidence.

**Topic 8:** Stagflation as caused by worldwide inflation in a small open economy: Model explanation and evidence.

**Topic 9:** Mystery of 1980s: Data, Explanation and class presentations.

**Topic 10:** Uncertainty of 1990s: What is ahead?