

Macroeconomics 2 (PMAK)

Winter semester 2023/24

Prof. Dr. Alexander Meyer-Gohde

Chair of Financial Markets and Macroeconomics

Lecture: Hörsaalzentrum Westend - HZ 7
Wednesdays 12:15-1:45

Accompanying sessions: Hörsaalzentrum Westend - HZ 15
(Discussions and mentoring) Mondays 12:15-1:45
(every second week beginning October 23rd)

Hörsaalzentrum Westend - HZ 7
Mondays 10:15-11:45
(every second week beginning October 30th)

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Administrative Assistant: Pamela Spiegel
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Teaching Assistants: Jan Herrmann
Office Hours: Details to be posted in OLAT
herrmann@imfs-frankfurt.de

Course Grade: The grade will be based on a final exam. The exam questions will be in English. You may answer in English or in German.

Course Description: The language of the course is English. The course provides an introduction to advanced macroeconomics at the undergraduate level, serving as a bridge between intermediate-level macroeconomics (covered in BMAK) and graduate-level macroeconomics (covered in Fundamentals of Macroeconomics or PhD Macro). It is intended for undergraduates who have successfully completed BMAK and BMIK and who are now ready to study advanced topics in macroeconomics in greater analytical detail. The course objective is to deepen our understanding of fundamental macroeconomic problems and appropriate policies. After completing this course, students should be able to understand newspaper articles on stabilization and growth policies.

28. März 2023

**Faculty of Economics and
Institute for Monetary and Financial
Stability**

**Chair of Financial Markets and
Macroeconomics**

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Highly successful students will be able to explain these articles to non-economists. Top students will be able to spot mistakes and to debate opinions expressed in the press.

Although the emphasis is on presenting the intuition behind macro theory, we will be using a combination of figures and mathematics to derive results, with more emphasis on mathematics and formal analysis than in BMAK. Knowledge of functions, derivatives, and constrained optimization, along with basic statistics is assumed.

Textbook: *Introducing Advanced Macroeconomics: Growth and Business Cycles*
3rd Edition, McGraw-Hill Publishing Company, 2023
By Peter Birch Sørensen and Hans Jørgen Whitta-Jacobsen

Course Outline

Part I: Economic Growth

1. Some facts about prosperity and growth (ch. 2)
2. Capital accumulation and growth: The basic Solow model (ch. 3)
3. Technological progress and growth: The general Solow model (ch. 5)
4. Growth accounting
5. R&D-based models of endogenous growth (ch. 9)

Part II: Business Cycles

6. Some facts about business cycles (ch. 13)
7. Consumption (ch. 16)
8. Investment (ch. 15)
9. Monetary policy and aggregate demand (ch. 17)
10. Inflation, unemployment and aggregate supply (ch. 18)
11. Explaining business cycles (ch. 19)

Learning Goals

LGB-1: Graduates of the programs understand, reflect and apply state-of-the art theories.

LGB-2: Students will master formal macroeconomic analysis, including decomposing the sources of growth and the analytics of business cycles and their stabilization.

LGB-3: Students will be able to apply the techniques and their understanding of the course's models in their further studies and use them to inform their understanding and discussion of the macroeconomy.

LGB-4: Students will be able to understand and critically comment on macroeconomic growth and stabilization policies.

LGB-7: Students will be able to express, explain and analyze fundamental concepts and models of the macroeconomy formally, verbally and graphically.

Prerequisites

Knowledge of functions, derivatives, and constrained optimization, along with basic statistics is assumed.