Macroeconomics 2 (PMAK)
Summer semester 2020
Prof. Dr. Alexander Meyer-Gohde
Chair of Financial Markets and Macroeconomics

Lecture: Tuesdays, noon – 2 pm (HZ 15)
Discussion: Mondays, noon–2 pm (HZ 15)
Mentoring: tbd

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Course Grade: The grade will be based on a final exam. The exam questions will be in English. You can answer in English or in German. If you decide to answer in English, you will not be graded on the quality of your English, but you have to make sure you convey your knowledge of the material.

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

Textbook: *Introducing Advanced Macroeconomics: Growth and Business Cycles*
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. 15)
8. Investment (ch. 14)
9. Monetary policy and aggregate demand (ch. 16)
10. Inflation, unemployment and aggregate supply (ch. 17)
11. Explaining business cycles (ch. 18)

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.