

Macroeconomics 2 (PMAK)
Winter Semester 2019/20
Prof. Dr. Alexander Meyer-Gohde
Chair of Financial Markets and Macroeconomics

Lecture: Tuesdays noon – 2 pm (HZ 15)
Discussion and Mentoring: Every 2nd Monday (start: 21.10.), noon – 2 pm (HZ 15)
Every 2nd Wednesday (start: 30.10.), 4–6 pm (PEG 1.G 191)

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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

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Faculty of Economics and
Institute for Monetary and Financial
Stability

Chair of Financial Markets and
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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*
2nd Edition, McGraw-Hill Publishing Company, 2010
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)