**14.06**

**Intermediate Macroeconomics**

**Growth and Fluctuations**

This course is a survey of modern macroeconomics at a quite advanced level. Topics include the neoclassical growth model, overlapping generations, endogenous growth models, business cycles, incomplete nominal adjustment, incomplete financial markets, fiscal and monetary policy, consumption and savings, and unemployment. The course is also an introduction to the mathematical tools used in modern macroeconomics, including dynamic systems, optimal control, and dynamic programming.

This course is a communications intensive subject. Assignments include six problem sets (approximately one every second week) and one paper. The problem sets will count for a total of 20% of the final grade. The paper will count for 30%. A preliminary draft will be due right after spring break. The final draft will be due in late April. Specific dates and more details about the paper will be given later. There will also be a midterm and a final examination, which will count for 25% of the grade each.

The main text for the course is


Supplementary readings include lecture notes, which I will distribute as we proceed, as well as journal articles and selections from other books. The required readings are indicated by a star; the other items are recommended but not required.
1. **Introduction to Growth Facts and Growth Models**

2. **The Neoclassical Growth Model**

3. **Overlapping Generations**

4. **Applications: Fluctuations, Investment, Asset Pricing, Public Finance, Behavioral**
5. Endogenous Growth: Externalities, R&D, Innovation

6. Real Business Cycles

7. The IS-LM Model

8. Incomplete Nominal Adjustment

9. Incomplete Financial Markets


10. Unemployment


11. Consumption and Savings