Macroeconomics II 7008
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The purpose of this course is to introduce students to alternative approaches to macroeconomics. In the course we will discuss short and long run issues. The course will discuss multiplier-accelerator models of the business cycle that suggest that fluctuations are an endogenous feature of advanced industrial economies, in contrast with the conventional approach based on exogenous real and monetary shocks. We will also compare heterodox and orthodox views on fiscal, monetary, and exchange rate policies, and their contrasting theories of inflation. Finally, we will discuss the Solow/Ramsey growth model and the New Growth models, which emphasize supply constraints, and develop a heterodox critique based on Kaleckian and Kaldorian growth models that highlight the role of demand and income distribution. Growth empirics, the debates on convergence and divergence, and the influence of economic policy on growth will be also discussed.

Assigned articles are available in WebCT (asterisk represents required reading). The book by Snowdon and Vane, Modern Macroeconomics: It's Origins, Development and Current State, will be used as a general reference, but we will rely mostly on original articles. Lance Taylor’s more advanced book Reconstructing Macroeconomics and Heinrich Bortis’ Institutions, Behavior and Economic Theory will be used for specific topics.

Evaluation consists of two midterms, one in-class and the other take-home, and an in-class final. The weights are: first midterm exam 30%, second midterm exam 30%, and final 40%. A study guide with possible exam questions will be distributed before each in-class exam. Office hours will be announced in class, and I will be available in my office for informal discussions. If you need to schedule an appointment or discuss some special need e-mail me at vernengo@economics.utah.edu.

1. Income Determination: Say’s Law vs. Effective Demand

2. Economic Cycles: Shocks vs. Accelerator-Multiplier Dynamics


3. Fiscal Policy: Sound vs. Functional Finance


4. Monetary Policy: Exogenous vs. Endogenous Money


5. Inflation: Structural vs. Monetarist Theories


6. Exchange Rate Dynamics

7. Neoclassical Growth Theory

8. New Growth Theory

9. Kaleckian and Kaldorian Growth Models

10. Growth Accounting and Productivity

11. Economic Policy and Growth


12. Political Economy of Growth

