ECONOMICS 502: INTERMEDIATE MACROECONOMICS

PROFESSOR RANDALL WRAY

SYLLABUS

This course is advanced macroeconomics theory. In it, students will get acquainted with the main models that macroeconomists use to analyze the way economies behave. We apply the acquired theoretical knowledge to a range of current economic issues, including budget deficits and national debt, international trade, and the role of institutions. While the focus of the course is on heterodox macro, we also review the foundations of all the mainstream approaches.

**Textbook:** *Macroeconomics* by Mitchell, Martin and Wray, 2019. In addition there are a number of supplemental academic articles. Many of these will be assigned for presentation by students.

The readings from the Textbook, as well as scheduled reviews, presentations, and exams are presented below.

**SCHEDULE OF READINGS**

**WEEK 1: REVIEW OF MACROECONOMICS**

Readings: MWW: Chapters 1-10; Ritter, “The flow-of-funds Accounts: A New Approach” (Jnl of Finance, May 1963); Innes: “What is money?”, in *Credit and State Theories of Money*, Edited by Wray; Paul Sheard :“Repeat After Me: Banks Cannot And Do Not "Lend Out" Reserves”, Standard&Poor, Credit Market Services, Global Economics and Research, New York.

**WEEK 2: KEYNES VS THE CLASSICALS**

Readings: MWW Ch 11-12; Hicks: “Mr. Keynes and the Classics” (Econometrica 1937), Keynes: *The General Theory*, Chapter 1-2

**WEEK 3: THEORY OF EFFECTIVE DEMAND; EXPENDITURE MODEL**

Readings: MWW Ch 13-15; Keynes GT, Chapter 3-6; Dillard: “A monetary theory of production: Keynes and the Institutionalists” (JEI 1980),

**WEEK 4: AGGREGATE SUPPLY; UNEMPLOYMENT**

Readings MWW Ch 16-17; Davidson: “The demand and supply of labour” (in Post Keynesian Macroeconomic Theory 1994); Brunner, "The Role of Money and Monetary Policy", FRB of St. Louis Review 50(7), Jul 1968

**WEEK 5: PHILLIPS CURVE VS LABOR BUFFER STOCK**
Readings MWW Ch 18-19; Friedman: “The role of monetary policy” (AER 1968); Wray et al.

WEEK 6: INTRO TO MONETARY AND FISCAL POLICY

Readings: MWW Ch 20-22; Lerner: “Money as a creature of the state” (AER 1947);
Lerner: “Functional finance and the federal debt” (Social Research, 1943)

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WEEK 8: MONETARY POLICY; OPEN ECONOMY

Harvey: Orthodox Approaches to Exchange Rate Determination: a survey (JPKE summer 1996)

WEEK 9: INVESTMENT AND INSTABILITY

Readings: MWW Ch 25-26; Keynes, The General Theory, Chapters 12 and 17

WEEK 10: INTRODUCTION TO ORTHODOXY

Foley: “On two specifications of asset equilibrium in macroeconomic models” (JPE 1975)

WEEK 11: MODERN SCHOOLS OF THOUGHT


WEEK 12: THE NEW MONETARY CONSENSUS

WEEK 13: CONTEMPORARY DEBATES AND THE FUTURE OF MACRO

Readings: MWW Ch 31-33; Ormerod, "The Death of Economics Revisited", manuscript, June 2000 Bezemer “‘No One Saw This Coming’: Understanding Financial Crisis Through Accounting Models”. Nersisyan and Wray, WORKING PAPER NO. 931| May 2019 How to Pay for the Green New Deal.

FINAL EXAM DECEMBER 17