

Instructor

Bilgin Bari

Email

bbari@anadolu.edu.tr

Office

4th floor, Office 410

Office Hours

14:00-16:00,

Wednesday

Course Overview

The MT2 focuses on long-run dynamics of the economy by developing the tools of modern growth theory. The second semester covers Solow growth model as a description of how the economy evolves over time and emphasizes the roles of capital accumulation and population growth.

After developing basic theories to explain the economy in the long run and in the short run, we turn to several topics that refine our understanding of the economy. We analyze some of the microeconomic decisions behind macroeconomic phenomena. Once students have solid command of standard macroeconomic models, the book uses these models as the foundation for discussing some of the key debates over economic policy. Then, we focus on the various debates over government debt and budget deficits. Finally, we discuss the financial system and its linkages to the overall economy.

Prerequisites

- İKT102 – Introduction to Economics II
- İKT219 – Macroeconomic Theory I

Textbook

- Macroeconomics- Mankiw,G.- 9thEd.
- Macroeconomics - Blanchard, O. - 8th Ed.

Other Resources

- Lecture notes are available on www.bilginbari.net

Requirements

- Students are expected to attend all classes at their scheduled time.
- I will randomly check the class attendance and give extra points to encourage class participation.
- Unless you had a serious medical problem, do not expect any exemption or any kind of leniency with regard to participation.

Exams and Evaluation

Midterm Exam % 30

Final Exam % 40

Quiz % 20

Homework % 10

Course Outline

	Economic Growth I : Capital Accumulation
Week 1	<ul style="list-style-type: none">• The Accumulation of Capital• The Golden Rule Level of Capital
	Economic Growth II : Population Growth
Week 2	<ul style="list-style-type: none">• The Effects of Population Growth• Alternative Perspectives on Population Growth
	Economic Growth III : Technology
Week 3	<ul style="list-style-type: none">• Technological Progress in the Solow Model• From Growth Theory to Growth Empirics
	Economic Growth IV : Endogenous Growth Theory
Week 4	<ul style="list-style-type: none">• The Microeconomics of Research and Development• The Process of Creative Destruction
	The Financial System
Week 5	<ul style="list-style-type: none">• The Role of Financial System• Fostering Economic Growth
	The Financial Crises
Week 6	<ul style="list-style-type: none">• The Anatomy of a Crisis• The Policies to Prevent Crises and Response to Crisis
Midterm Week	
Midterm Week	
	The Microeconomic Foundations I
Week 7	<ul style="list-style-type: none">• Consumption Function• Intertemporal Choice
	The Microeconomic Foundations II
Week 8	<ul style="list-style-type: none">• The Theory of Investment• Business, Residential, and Inventory Investment

A Dynamic Macroeconomic Modelling

Week 9

- A Dynamic Model of AD-AS
 - Solving the Model.
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Alternative Perspectives on Stabilization Policy

Week 10

- Should Policy Be Active or Passive?
 - Should Policy Be Conducted by Rule or by Discretion?
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Government Debt and Budget Deficits

Week 11

- The Size of the Government Debt
 - Other Perspectives on Government Debt
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The End of the Two Semester

Week 12

- The Four Most Important Lessons of Macroeconomics
 - The Four Most Important Unresolved Questions of Macroeconomics 610
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