The purpose of this first course is to introduce the workhorses of the field, and show how they are used.

I shall assume familiarity with macroeconomics at the level of undergraduate macro-textbooks. Two such textbooks, taken completely at random, are:

Blanchard, O. *Macroeconomics*, mimeo, 1995

You should, before you graduate, and preferably sooner, read some of the classics in the field. Some essential readings are:


The textbook for the course is:

A star denotes required reading.

1. Basic macroeconomic facts.

* BF, chapter 1


Blanchard, O. and Quah, D., "The Dynamic Effects of Aggregate Demand and Supply Disturbances", *AER*, September 1989, 655-673

2. The Ramsey Model and RBC's.

* BF, chapter 2


3. The Diamond Model, and Capital Accumulation.

* BF, chapter 3

Barro, R., "World Real Interest Rates", *NBER Macroeconomics*, 1990, 15-60


* BF, chapters 4-7, and 10-2


5. The ISLM and Expectations.


* Blanchard, O., "Output, the Stock Market, and Interest Rates", *AER*, 1981, 71-1, 132-143

* Dornbusch, R., "Expectations and Exchange Rate Dynamics", *JPE*, 84-6, December 1976, 1161-1176

Giavazzi, F. and M. Pagano, "Can Severe Fiscal Contractions Be Expansionary; Tales of Two Small European Countries", *NBER Macroeconomics Annual*, 1990, 75-122

* BF, chapter 8


7. The Bigger Machines.
