

Syllabus
Macroeconomics I

AUCA

Fall 2019

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Course objective: This is advanced Macroeconomics course designed to equip students with knowledge of macroeconomic policy and theory using both theory and empirical findings. In this course, we will be concerned with the following; developing positive models in order to understand the dynamics of key macroeconomic variables such as output, employment, unemployment, inflation, interest rates, etc.; and deriving normative prescriptions for macroeconomic policymaking, in particular regarding the proper setting of fiscal and monetary policies.

Main text(s): Romer, David (2012). *Advanced Macroeconomics*
The course textbook will be supplemented by relevant journal articles.

Class requirements:

1. Readings should be completed before class.
2. No ringing cellphones please.
3. I reserve the right to change the syllabus to enhance the learning experience without increasing students' workload.

Grading: The assessment for this class consists of a midterm exams, a final exam, and a set of problem sets. Midterms and final exam are closed books. The midterm will be worth 40 % and the final will be worth 50%. Group presentations – 10%. There will be no make-up exams.

"A" - above 85.5	"C+" - 60.0-66.5
"A-" - 85.0-80.5	"C" - 55.0-59.5
"B+" - 75.5-80.0	"C" - 50.0-54.5
"B" - 70.5-75.0	"D" - 45.0-49.5
"B-" - 67.0-70	"F" - 45.0 and below

# Week	Date	Topic	Required reading
1.	3 Sep	Introduction: The State of Macroeconomics	<ul style="list-style-type: none"> Lee E. Ohanian, "The Economic Crisis from a Neoclassical Perspective," <i>Journal of Economic Perspectives</i> 24 (Fall 2010), 45–66 http://skchugh.com/images/Ohanian_2010JEP_GreatRecessionNeoclassicalPerspective.pdf Ricardo J. Caballero, "Macroeconomics after the Crisis: Time to Deal with the Pretense-of-Knowledge Syndrome," <i>Journal of Economic Perspectives</i> 24 (Fall 2010), 85–102. https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.24.4.85
2.	10 Sep	The Solow Growth Model	<ul style="list-style-type: none"> Ch -1 Solow, Robert. 1956. "A Contribution to the Theory of Economic Growth" <i>Quarterly Journal of Economics</i> 70:65-94. http://piketty.pse.ens.fr/files/Solow1956.pdf Thomas Piketty and Gabriel Zucman, "Capital Is Back: Wealth-Income Ratios in Rich Countries 1700–2010," <i>Quarterly Journal of Economics</i> 129 (August 2014), 1255–1310. https://doi.org/10.1093/qje/qju018 Matthew Rognlie, "A Note on Piketty and Diminishing Returns to Capital," unpublished paper, M.I.T.. June 2014. http://mattrognlie.com/piketty_diminishing_returns.pdf
3.	17 Sep	The Solow Growth Model	<ul style="list-style-type: none"> Robert E. Lucas, Jr., "Why Doesn't Capital Flow from Rich to Poor Countries?" <i>American Economic Review</i> 80 (May 1990), 92–96. www.jstor.org/stable/pdf/2006549.pdf Matthew Rognlie, "Deciphering the Fall and Rise in the Net Capital Share: Accumulation or Scarcity?" <i>Brookings Papers on Economic Activity</i>, Spring 2015, 1–54. www.jstor.org/stable/pdf/43684097.pdf
4.	24 Sep	The Ramsey- Cass-Koopmans Model The Diamond Model	<ul style="list-style-type: none"> Ch – 2 Maurice Obstfeld, "Dynamic Optimization in Continuous-Time Economic Models (A Guide for the Perplexed)," unpublished paper, U.C. Berkeley, April 1992. Sections I and II. http://www.econ.berkeley.edu/~obstfeld/ftp/perplexed/cts4a.pdf
5.	1 Oct	Endogenous Growth	<ul style="list-style-type: none"> Ch -3 Lucas, Robert E. 1988. "On the Mechanics of Economic Development" <i>Journal of Monetary Economics</i>

			<ul style="list-style-type: none"> • Romer, Paul M. 1990. "Endogenous Technological Change" Journal of Political Economy • Kremer, Michael. 1993. "Population Growth and Technological Change: One Million B.C. to 1990" Quarterly Journal of Economics 108:681 -716. • Charles I. Jones, "Time-Series Tests of Endogenous Growth Models," Quarterly Journal of Economics 110 (May 1995), 495–525. www.jstor.org/stable/pdfplus/2118448.pdf • Charles I. Jones and Jihee Kim, "A Schumpeterian Model of Top Income Inequality," unpublished paper, Stanford University, June 2017. Journal of Political Economy, forthcoming. https://web.stanford.edu/~chadj/inequality.pdf
6.	8 Oct	Cross-country Income Differences	<ul style="list-style-type: none"> • Ch – 4 • Hall, Robert E. and Charles I. Jones. 1999. "Why Do Some Countries Produce So Much More Output per Worker than Others?" Quarterly Journal of Economics 114:83-116. • Mankiw, N. Gregory, David Romer, and David N. Weil. 1992. "A Contribution to the Empirics of Economic Growth" Quarterly Journal of Economics 107:407-437. • Stelios Michalopoulos and Elias Papaioannou, 2014, "National Institutions and Subnational Development in Africa," Quarterly Journal of Economics 129 (February), 151–213. https://doi.org/10.1093/qje/qjt029
7.	15 Oct	Consumption A	<ul style="list-style-type: none"> • Ch – 8 • Chang-Tai Hsieh, "Do Consumers React to Anticipated Income Changes? Evidence from the Alaska Permanent Fund," American Economic Review 93 (March 2003) 397–405. http://www.jstor.org/stable/pdf/3132183/pdf
8.	22 Oct	Consumption B	<ul style="list-style-type: none"> • Ch – 8 • Mark Aguiar and Erik Hurst, "Consumption vs. Expenditure," Journal of Political Economy 113 (October 2005), 919–948. www.jstor.org/stable/pdf/10.1086/491590.pdf
	5 Nov	Mid term exam	
	12 Nov	Fall break	
9.	19 Nov	Investment	<ul style="list-style-type: none"> • Ch – 9 • Germán Gutiérrez and Thomas Philippon, "Investmentless Growth: An Empirical Investigation, Brookings Papers on Economic Activity, Fall 2017, 89–169. Sections I-V only. https://www.jstor.org/stable/pdf/90019456.pdf

10.	26 Nov	Unemployment	<ul style="list-style-type: none"> • Ch – 10 • Blanchard, O., and L. Summers, “<i>Hysteresis in Unemployment.</i>” <i>European Economic Review</i>, 1987, 31:288-295. • Mankiw, N.G., “<i>The Inexorable and Mysterious Tradeoff Between Inflation and Unemployment,</i>” Harry Johnson Lecture, Econometric Society, 2000
11.	3 Dec	Inflation and Monetary Policy	<ul style="list-style-type: none"> • Ch – 11 • Lawrence H. Summers, “Does the Stock Market Rationally Reflect Fundamental Values?” <i>Journal of Finance</i> 41 (July 1986) 591–601. www.jstor.org/stable/pdf/2328487.pdf
12.	10 Dec	Budget Deficits and Fiscal Policy	<ul style="list-style-type: none"> • Ch - 12
13.	17 Dec	Course wrap-up	
14.	22 Dec	Final Exam	

