Course Description and Objectives:
This course presents an overview of modern macroeconomics. We will cover a fairly wide range of topics across growth and business cycle theory: classical models, Keynesian models, learning, self-fulfilling prophecies, multiple equilibria, empirical methods, and solution techniques for dynamic macro models. An emphasis will be placed on computational methods, and where possible, the relationships between macro and ENR issues. The goal is not to make you practicing macroeconomists, but rather to give you a general sense of modern macroeconomic problems and the tools used to address them.

Course Prerequisites: Intermediate Macroeconomics & Microeconomics Theory, Calculus.

Primary Texts:
Advanced Macroeconomics (4th edition) – David Romer
Macroeconomics of Self-Fulfilling Prophecies (2nd edition) – Roger E. Farmer

Secondary Texts:
Models for Dynamic Macroeconomics – Fabio-Cesare Bagliano and Giuseppe Bertola
Lectures on Macroeconomics – Oliver J. Blanchard and Stanley Fischer
Frontiers of Business Cycle Research – edited by Thomas F. Cooley
Handbook of Macroeconomics (3 volumes) – edited by John B. Taylor and Michael Woodford
Learning and Expectations in Macroeconomics – George W. Evans and Seppo Honkapohja
Monetary Theory and Policy – Carl E. Walsh
Economic Growth (2nd edition) – Robert J. Barro and Xavier Sala-i-Martin
Macroeconomics (7th edition) – N. Gregory Mankiw
Course Requirements:

- **Examinations.** There will be two exams: a midterm and a final.

- **Problem Sets.** There will be a total of five problem sets, which will be made available on our class webpage. The due date will be clearly printed at the top of each assignment. No late assignments will be accepted. Collaborative work is encouraged; however, each student is required to turn in an independently composed set of answers.

- **Presentations.** Each student will be required to make two in-class presentations of scholarly papers. Additional details on the presentations will be discussed later in the class.

Grading: Problem sets and examinations will be weighted as follows:

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<thead>
<tr>
<th>Component</th>
<th>Points</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Presentations</td>
<td>(50 pts)</td>
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<tr>
<td>Problem Sets</td>
<td>(50 pts)</td>
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<tr>
<td>Exam #1</td>
<td>(100 pts)</td>
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<td>Exam #2</td>
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**Academic Dishonesty:**
UNIREG 802, Revision 2, defines academic dishonesty as “an act attempted or performed which misrepresents one’s involvement in an academic task in any way, or permits another student to misrepresent the latter’s involvement by assisting the misrepresentation.” Academic dishonesty will not be tolerated in this class; any instances will be referred to the university’s established procedure for judging such cases, with severe penalties as found appropriate.

**Disclaimer:**
Subsequent changes may be made to any aspect or detail of this Syllabus if and when necessary. Any changes will be announced in class as soon as practical.
Abbreviated Course Outline

1. Overview of the Macroeconomy & Review of Intermediate Macro
2. Growth Theory
3. Introduction to Empirical Macroeconomics
4. Introduction to Real Business Cycle Theory
5. Introduction to New Keynesian Theory
6. Topics in Real Business Cycle Theory
7. Endogenous Fluctuations
8. Learning
9. Topics in New Keynesian Theory
10. Topics in Empirical Macroeconomics
11. Wrapping it Up: The Great Depression & The Great Recession

COURSE OUTLINE

1. Overview of the Macroeconomy & Review of Intermediate Macro

   Macroeconomic Data
   - Mankiw, chapter 2.
   - Barro and Sala-i-Martin, introduction.
   - Handbook of Macroeconomics, chapter 1.

   Solow Growth Model
   - Mankiw, chapter 7.

   IS-LM Model
   - Mankiw, chapters 10-11.

2. Growth Theory

   Solow Growth Model (continued)
   - Romer, chapter 1.
   - Barro and Sala-i-Martin, section 1.2

   Testing the Solow Model
The Environment, Natural Resources and Growth


Endogenous Growth Theory

- Romer, chapters 3 and 4.
- Barro and Sala-i-Martin, section 1.3.


3. **Introduction to Empirical Macroeconomics**

- Univariate and Multivariate Stochastic Processes
- Decomposition: Trends and Cycles
- Calibration and Estimation

4. **Introduction to Real Business Cycle Theory**

  **Background: Ramsey Growth Model**

- Romer, chapter 2, part A.
- Barro and Sala-i-Martin, chapter 2.

  **Basic Model, Solution, Calibration and Simulation**

- Farmer, chapter 3 & chapter 5, pages 99-110.
- Romer, chapter 5.

Business Cycles and the Environment


5. **Introduction to New Keynesian Theory**

- Romer, chapters 6 and 7.

6. **Topics in Real Business Cycle Theory**


**Labor Market**


**Propagation**


**International**


7. **Endogenous Fluctuations**

- Farmer, chapters 7 and 10.

8. Learning

• Evans and Honkapohja, chapters 1-2, and 4.


9. Topics in New Keynesian Theory

Rigidities


Coordination Failures


Efficiency Wages


Monetary Policy

• Walsh, chapter 5.


Overlapping Generations Monetary Model

• Farmer, chapter 6.

New Neoclassical Synthesis


10. Topics in Empirical Macroeconomics

• Structural VARs
• GMM Estimation

11. Wrapping it Up: The Great Depression and the Great Recession