

Syllabus: Economics 502 · Macroeconomics

Prof. Adam M. Guren · Boston University · Spring 2017

Logistics

Instructor:

Adam Guren

guren@bu.edu

270 Bay State Road, Room 400

Office Hours: Tuesday 3:30-5, Thursday 11-12:30 (until spring break) 9:00-10:30 (after spring break), and by appointment

Course description:

This course explores theoretical and empirical issues of central importance to macroeconomic research and policy. The major topics covered in this course include economic growth, consumption and savings, investment, business cycle fluctuations, the relationship between monetary policy and output, and optimal monetary policy. Throughout the course emphasizes the implications of macroeconomic theory for macroeconomic data. Readings include selected chapters from the textbooks, class notes and original research articles.

Textbooks and Readings:

- Lecture Notes and Readings will be posted on the Blackboard web site. Should be self-contained.

Recommended:

- Romer, David. *Advanced Macroeconomics* 4th Edition, McGraw-Hill
This book is an advanced treatment primarily meant for Ph.D. students. We will draw on some of the chapters and it will often be referenced for supplementary reading.
- Jones, Charles I. and Dietrich Vollrath, *Introduction to Economic Growth* 3rd Edition, W.W. Norton
This book will be used heavily for the economic growth portion of the course.

Not Required:

- Abel, Andrew, Ben Bernanke, and Dean Croushore, *Macroeconomics* 8th Edition, Addison Wesley.
This is an undergraduate textbook that provides review material some may find useful.

Requirements:

- 2 Exams
 - Midterm in class Thursday March 2, 2017 (material through lecture 10)
 - Final exam scheduled by Registrar
- 6 Problem Sets
 - You are encouraged to work in groups
 - If you do so you must indicate who you worked with
 - Each student must hand in their own write up (hand written or typed)
 - Grading: Check+, Check, Check-, 0.
If you make an effort to answer every problem you will get a check, which is considered full credit.
The problem sets will be difficult, and I want to reward tackling the problem rather than getting everything right.
 - There will also be several class debates. Your participation and preparation for these debates will count towards your homework score
- Grading: Midterm 30%, Final 45%, Problem Sets 25%
 - Regrade Policy: If you do not agree with your score, you may ask me for a regrade. I will personally regrade the *entire* test, and you may lose points as well as gain them. Note that I tend to be harsher than the TA.
- You are encouraged to stop me if you are confused and ask questions. I want this to be a discussion rather than a lecture as frequently as possible!
- You may not use electronic devices such as laptops, tablets, or phones in class. If you feel like you need an electronic device to learn or have another good reason to use electronic devices in class, please come see me
- Please come to office hours

Outline

- Economic Growth (Approximately 8 Lectures)
 - Production Functions
 - Solow Growth Model in Discrete and Continuous Time
 - Convergence
 - Growth Accounting

- Human Capital and Growth
- Institutions and Growth
- Endogenous Growth and Technical Progress
- Growth and Inequality
- Fluctuations
 - Consumption and Savings (Approximately 2 1/2 Lectures, Last Topic For Midterm)
 - * Consumption Under Certainty
 - * Uncertainty and Consumption
 - * Credit Constraints
 - * Asset Pricing and Consumption
 - Investment (Approximately 1 1/2 Lectures)
 - * User cost of Capital
 - * Q Theory
 - * Financial Frictions
 - General Equilibrium Models and Real Business Cycles (Approximately 3 Lectures)
 - * Capital-Only Model
 - * Labor Supply-Only Model
 - * RBC Explanation of Business Cycles: Summers vs. Prescott
 - Monetary Models and New Keynesian Economics (Approximately 4 Lectures)
 - * Money
 - * Inflation
 - * IS-MP-AD-AS Model
 - * New Keynesian Model With One-Period Stickiness
 - * Dynamic IS Curve and New Keynesian Phillips Curve
 - * Liquidity Trap and Zero Lower Bound
 - Monetary and Fiscal Policy (Approximately 3 Lectures)
 - * Optimal Monetary Policy
 - * Fiscal Policy
 - * Unconventional Monetary Policy and Macroprudential Policy
 - The Financial System and the Great Recession (Approximately 4 Lectures)
 - * Bubbles and Housing
 - * The Financial System and Financial Accelerator
 - * Banking, Bank Runs, and The Shadow Banking System
 - * The Euro
 - * Unemployment