

Economics 609

Macroeconomics II

Spring 2006

Instructor: Professor Xiaojun Wang

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Classroom: WEB 113

Time: TR 10:30-11:45am

Office Hours: TR 1:30pm-2:30pm

Course Objectives

This is the second course in the two-course sequence, Economics 607 and 609, designed for Ph.D. students in Economics and other related fields who intend to take the macro qualifier examination. It covers the standard macroeconomic subjects such as economic growth, business cycle fluctuation, consumption, unemployment, and government fiscal policy. Students are assumed to know the basic techniques in calculus, differential equation, and optimization.

Requirements and Grading

There will be a midterm (TBA in class) and a final exam (Tuesday, May 9) The final exam only covers material discussed after the midterm. Each exam counts 40% toward the final grade. I will also assign 5-6 homework problem sets during the semester that count 20% towards the final grade. No late homework is accepted, and no make-up exam is offered, unless strong evidence of medical emergency is provided. Finally, no +/- will be used in grading.

Readings

The main text is David **Romer**, Advanced Macroeconomics, 3rd Edition, McGraw Hill, 2005. I will also frequently refer to Olivier **Blanchard** and Stanley **Fischer**, Lectures on Macroeconomics, MIT Press, 1989, and Ben J. **Heijdra** and Frederick van der **Ploeg**, Foundations of Modern Macroeconomics. Additional readings are listed below, and most of them should be available on the Web (for example, at www.jstor.org). UH library Web site also provides links to some electronic journals. Since most models find roots in journal articles, you are strongly encouraged to read the original work and important follow-up papers. Study group is also strongly encouraged, but simply copying other students' homework can easily render examination failure.

Schedule

1. Traditional Keynesian Theories of Fluctuations (Week 1, 2)

- Romer: Chapter 5.

2. Microeconomic Foundations of Incomplete Nominal Adjustment (Week 3, 4, 5)

- Romer: Chapter 6.

3. Real Business Cycle Theory (Week 6, 7)

- Romer: Chapter 4

Midterm: TBA.

4. Consumption (Week 9, 10, 11: Week 12 is Spring Recess)

- Romer: Chapter 7.
- Blanchard and Fischer: Chapter 6.

5. Unemployment (Week 13, 14)

- Romer: Chapter 9.
- Blanchard and Fischer: Chapter 9.

6. Budget Deficits and Fiscal Policy (Week 15, 16)

- Romer: Chapter 11.
- Blanchard and Fischer: Chapter 11.

Final Exam: Tuesday May 9, 9:45-11:45am.

(Download the rest of the syllabus, i.e., the reading list, from my website.)