

Economics 609

Macroeconomics II

Spring 2009

Instructor: Professor Xiaojun Wang

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Classroom: Webster 112

Time: T&R 3:00 – 4:15pm

Office Hours: T&R 10:30- 11:30am

### **Stated Learning 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, investment, unemployment, and government fiscal policy. Students will learn theoretical models and stylized facts in each topic, and be able to solve these models and understand the theoretical and empirical implications. Students are assumed to know the basic techniques in calculus, differential equation, and optimization.

### **Requirements and Grading**

There will be a midterm (40%) and a final exam (40%) The final exam only covers material discussed after the midterm. 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 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](http://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**

(Tentative, subject to change)

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

- Romer: Chapter 5.

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

- Romer: Chapter 6.

3. Consumption (Weeks 6, 7, 8)

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

**Midterm: TBA**

4. Investment (Weeks 9, 10, 12)

- Romer: Chapter 8

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: TBA.**