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 traditional Keynesian theories of fluctuations, micro-foundations of incomplete nominal adjustments, 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). 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, 11)
   - 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: Thursday May 10, 2:15-4:15pm