Econ 609 - Macroeconomic Theory II*

Liang Wang

Lectures: Tuesday and Thursday 3:00-4:15 pm
Office Hours: Tuesday and Thursday 12:30-1:30 pm or by appointment
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Course Description
In Macroeconomic Theory II, we will introduce a set of basic analytical tools and models, which are the workhorses of modern macroeconomics, and apply them to touch some research topics on the frontier. We will study various macroeconomic topics and models including economic growth, overlapping-generations models, monetary economics with explicit micro-foundation, New Keynesian monetary models, labor market search models, and consumption and asset pricing. By the end of the semester, students should not only get some feeling about the frontier of modern macroeconomic research, but also possess the ability to formulate a research question in the dynamic general equilibrium framework.

Required Textbooks

Optional Textbooks and References

Exams
There will be a midterm exam (TBA in class) and a final exam (Tuesday, May 10

* This syllabus is very preliminary and subject to change.
2:15–4:15 pm). The final exam only covers materials discussed after the midterm. The midterm counts 40% towards the final grade, and the final counts 40%. Both are closed book exams. No make-up exam is offered, unless compelling evidence of medical emergency is provided.

**Homework Assignment**
There will be four homework assignments during the semester, which count 20% towards the final grade. They will be posted on the Laulima website with clear due days. Late submission is NOT accepted. Students may choose to form study groups to discuss the homework problems. However, each individual student is expected to complete the homework on their own. Copying solutions from one another or from the internet is strictly prohibited.

**Course Contents:**
1. Economic Growth (SLP Chapter 5; LS Chapter 15)
   1.1 Facts about Economic Growth
   1.2 Exogenous Growth Models
   1.3 Endogenous Growth Models


2. Overlapping Generations Models (with Money) (LS Chapter 9, 10)
   2.1 A Pure Exchange Overlapping Generations Model
   2.2 Government Policies in Overlapping Generations Model
   2.3 Overlapping Generations Models with Production


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1 The time and date of the final exam is subject to any changes based on the University Final Exam Schedule posted online at [http://manoa.hawaii.edu/undergrad/schedule/final-exams/spring/](http://manoa.hawaii.edu/undergrad/schedule/final-exams/spring/).

3. Monetary Models with Micro-foundations (LS Chapter 6, 26, 28; CW Chapter 2, 3)
   3.1 Money-in-the-Utility Model
   3.2 Transaction Cost Model
   3.3 Cash-in-Advance Model
   3.4 Search Model


4. Search and Matching Models in Labor Market (SLP Chapter 10; LS Chapter 6, 28; CP Chapter 1, 2)
   4.1 One-Sided Job Search Model (McCall Model)
   4.2 Two-Sided Job Search Model (Mortensen-Pissarides Model)


5. Asset Pricing and Consumption (SLP Chapter 10; LS Chapter 13, 14)
   6.1 Lucas Tree Model
   6.2 The Equity Premium Puzzle
   6.3 Solving The Equity Premium Puzzle
