Course Descriptions: This course is an introduction to macroeconomic theory and analysis. A major theme of the course will be macroeconomic dynamics with emphasis on the neoclassical foundations of investment, capital theory, economic growth, and monetary theory. We begin with review of basic macroeconomic models and their dynamics, including IS-LM and AS-AD. The course will then introduce the technology of optimal control through the study of capital theory and investment. Optimal control and other dynamic methods will be applied to various models of economic growth. Next we consider models of overlapping generations and their use in policy analysis of issues such as national debt and social security. Three sessions will be devoted to the consideration of open economy macroeconomics. Finally, using neoclassical models, we will study the role of money in the economy.

Required Texts:

Recommended Text:

Other References:

Grading: Final Exam: 40%
Midterm Exam: 30%
Homework: 20%
Participation: 10%

* Note: With the exception of sessions on open economy macroeconomics, ECON 607 will be taught jointly with ECON 609. Each class, however, will be graded separately. Student performance will only be assessed within each class rather than across the two classes. Each class will receive separate exams.
SYLLABUS

Topic 1: Review of Basic Macro Models (4 sessions: Aug 26, 28; Sept 2, 4)
  Heijdra /Van der Ploeg, chapters 1 and 2
  Romer, chapter 5

Topic 2: Economic Dynamics and Optimal Control (4 sessions: Sept 9, 11, 16, 18)
  Heijdra/Van der Ploeg, chapters 2 and 4
  Weitzman, chapters 1 and 2
  Dorfman (1969)
  Ramsey (1928)

Topic 3: Models of Economic Growth (6 sessions: Sept 23, 25, 30; Oct 2, 7, 9)
  Heijdra/Van der Ploeg, chapter 14
  Romer, chapters 1, 2A, and 3
  Mankiw (1992, 1995)
  Lucas (1988)
  Romer (1986)

Midterm:  Oct 14 (Tuesday), 6:00pm – 7:30pm

Topic 4: Models of Overlapping Generations (4 sessions: Oct 16, 21, 23, 28)
  Heijdra/Van der Ploeg, chapters 16 and 17
  Romer, chapter 2B
  Blanchard (1985)
  Diamond (1965)

Midterm Review: Oct 30 (Thursday), 6:00pm – 7:30pm

Topic 5: Open Economy Macroeconomics  (3 Tuesday sessions: Nov 4, 18, 25)*
  Heijdra/Van der Ploeg, chapter 11
  Romer, chapter 5
  Dornbusch (1976)

Topic 6:  Money (4 sessions: Dec 2, 4, 9, 11)
  Heijdra/Van der Ploeg, chapter 12
  Brock (1975)
  Sidrauski (1967)

Final: Dec 16 (Tuesday), 6:00pm – 8:00pm

* Note: Topic 5 is for ECON 607 students only and will be covered over the three Tuesday sessions indicated. There will be no class for ECON 607 on Thursdays Nov 6, 13, and 20.
PAPERS

Neoclassical Foundations


Growth Theory


Overlapping Generations Models


Open Economy Macroeconomics


Money and Inflation
