

**MACROECONOMICS**

**FIRST HALF - ECONOMIC GROWTH**

**A. The Solow Model**

Romer, Advanced Macroeconomics, Chapter 1.

Romer, "The Environment and Economic Growth." Unpublished notes, April 1998.

**B. The Ramsey-Cass-Koopmans Model**

Romer, Chapter 2, Sections 2.1-2.7.

**C. The Diamond Model**

Romer, Chapter 2, Sections 2.10-2.14 (through p. 86 only).

**D. Research and Development and Endogenous Technological Change**

Romer, Chapter 3, Part A.

Kremer, Michael. 1993. "Population Growth and Technological Change: One Million B.C. to 1990." Quarterly Journal of Economics 108 (August): 681-716.

Jones, Charles I. 1995. "Time Series Tests of Endogenous Growth Models." Quarterly Journal of Economics 110 (May): 495-525.

Nordhaus, William D. 1997. "Do Real-Output and Real-Wage Measures Capture Reality? The History of Light Suggests Not." In Timothy F. Bresnahan and Robert J. Gordon, eds., The Economics of New Goods (Chicago: University of Chicago Press): 29-66.

## **E. Cross-Country Income Differences**

Hall, Robert E., and Charles I. Jones. 1998. "Why Do Some Countries Produce So Much More Output per Worker than Others?" Unpublished paper, Stanford University (March).

Klenow, Peter J., and Andrés Rodríguez-Clare. 1997. "The Neoclassical Revival in Growth Economics: Has It Gone Too Far?" NBER Macroeconomics Annual 12: 73-103.

Sachs, Jeffrey D., and Andrew Warner. 1995. "Economic Reform and the Process of Global Integration." Brookings Papers on Economic Activity, no. 1, 1-95.

Parente, Stephen L., and Edward C. Prescott. 1997. "Monopoly Rights: A Barrier to Riches." Federal Reserve Bank of Minneapolis, Staff Report 236 (July).

## **SECOND HALF - ECONOMIC FLUCTUATIONS**

### **A. Real Business Cycles**

Thursday Mar 11: Some Facts About Economic Fluctuations

David Romer, Advanced Macroeconomics, pp. 146-50.

Robert Barsky and Jeffrey Miron (1989), "The Seasonal Cycle and the Business Cycle," Journal of Political Economy 97: pp. 503-34.

Christina Romer (1994), "Remeasuring Business Cycles," Journal of Economic History 54: pp. 19-39.

*RBC Problem Set Out*

Tuesday Mar 16: Zero-Capital RBC Models

David Romer, Advanced Macroeconomics, pp. 150-64.

Bennett McCallum (1989), "Real Business Cycle Models," in Robert Barro, ed., Modern

Business Cycle Theory (Cambridge: Harvard University Press): pp. 16-50.

Thursday Mar 18: More General RBC Models

David Romer, Advanced Macroeconomics, pp. 164-83.

John Campbell (1994), "Inspecting the Mechanism: An Analytical Approach to the Stochastic Growth Model," Journal of Monetary Economics 33: pp. 463-506.

John Cochrane (1994), "Permanent and Transitory Components of GNP and Stock Prices," Quarterly Journal of Economics 109: pp. 241-65.

*RBC Problem Set Due / Data Assignment Out*

Tuesday Mar 30: Extensions and Limitations

David Romer, Advanced Macroeconomics, pp. 183-90.

## **B. "Neo-Keynesian" Models**

Thursday Apr 1: Introduction to Neo-Keynesian Models

David Romer, Advanced Macroeconomics, pp. 195-205.

J.M. Keynes (1924), Monetary Reform (New York: Harcourt, Brace and Co.), pp. v-vi, 3-69, 81-95, 152-191.

*Old Keynesian Problem Set Out*

Tuesday Apr 6: Open-Economy IS-LM

David Romer, Advanced Macroeconomics, pp. 205-14.

Rudiger Dornbusch (1976), "Expectations and Exchange Rate Dynamics," Journal of Political Economy 84: pp. 1161-76.

Thursday Apr 8: The Phillips Curve

David Romer, Advanced Macroeconomics, pp. 214-36.

Paul Samuelson and Robert Solow (1960), "Analytical Aspects of Anti-Inflation Policy," American Economic Review 50: pp. 177-94.

Milton Friedman (1968), "The Role of Monetary Policy," American Economic Review 58 (May): 1-17.

*Data Assignment and Old Keynesian Problem Set Due / Lucas Model Problem Set Out*

Tuesday Apr 13: The Lucas Model

David Romer, Advanced Macroeconomics, pp. 241-55.

Thomas Sargent and Neil Wallace (1976), "Rational Expectations and the Theory of Economic Policy," Journal of Monetary Economics 2.

Robert Lucas and Thomas Sargent (1979), "After Keynesian Macroeconomics," in After the Phillips Curve: The Persistence of High Inflation and High Unemployment (Boston: Federal Reserve Bank of Boston), chapter 19.

Thursday Apr 15: Staggered Price Setting

David Romer, Advanced Macroeconomics, pp. 255-76.

Laurence Ball and Stephen Cecchetti (1988), "Imperfect Information and Staggered Price Setting," American Economic Review 78: pp. 999-1018.

Stanley Fischer (1977), "Long-Term Contracts, Rational Expectations, and the Optimal Money Supply Rule," Journal of Political Economy 85: pp. 191-205.

*Lucas Model Problem Set Due / New Keynesian Problem Set Out*

Tuesday Apr 20: Real Rigidities

David Romer, Advanced Macroeconomics, pp. 276-302.

George Akerlof and Janet Yellen (1985), "A Near-Rational Model of the Business Cycle, with Wage and Price Inertia," Quarterly Journal of Economics 100: pp. 823-38.

Laurence Ball, N. Gregory Mankiw, and David Romer (1988), "The New Keynesian Economics and the Output-Inflation Tradeoff," Brookings Papers on Economic Activity 1988 1: pp. 1-65.

Andrew Caplin and John Leahy (1991), "State-Dependent Pricing and the Dynamics of Money and Output," Quarterly Journal of Economics (August): pp. 683-708.

### **C. Inflation and Macroeconomic Policy**

Thursday Apr 22: Inflation and Its Cure

David Romer, Advanced Macroeconomics, pp. 388-412.

Robert Shiller (1997), "Why Do People Dislike Inflation?" in Christina D. Romer and David Romer, eds., Reducing Inflation: Motivation and Strategy (Chicago: University of Chicago Press).

Laurence Ball (1994), "What Determines the Sacrifice Ratio?" in N. Gregory Mankiw, Monetary Policy (Chicago: University of Chicago Press): pp. 155-82.

*New Keynesian Problem Set Due*

Tuesday Apr 27: Stabilization Policy

David Romer, Advanced Macroeconomics, pp. 412-20.

Olivier Blanchard (1984), "The Lucas Critique and the Volcker Deflation," American Economic Review 74: pp. 211-15.

Milton Friedman (1953), "Stabilization Policy: A Theoretical Analysis," in Milton Friedman, Essays in Positive Economics (Chicago: University of Chicago Press).

Finn Kydland and Edward Prescott, (1977) "Rules Rather than Discretion: The Inconsistency of Optimal Plans," Journal of Political Economy 87: pp. 473-92.

Thursday Apr 29: Central Banking

Carl Walsh (1995), "Optimal Contracts for Central Bankers," American Economic Review 85: pp. 150-67.

Kenneth Rogoff (1989) "Reputation, Coordination, and Monetary Policy," in Robert Barro., ed., Modern Business Cycle Theory (Oxford: Basil Blackwell, 1989), pp. 236-264.

*Mock Exam Out*

Tuesday May 4: What We Didn't Cover This Semester...

Thursday May 6: Final Review