ECON7040: MACROECONOMIC THEORY II

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Instructor:	Martin Boileau
Class:	Economics 119; MW 9:30 to 10:45
O ce:	Economics 215; MW 11:00 to 12:00
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This course is the second part of the core macroeconomic theory doctoral sequence. We will focus our attention on dynamic optimization and general equilibrium models.

The course has two objectives. The first is the presentation of the tools required to study dynamic, stochastic, general equilibrium models. The second is the application of these tools to topics in macroeconomics.

The assessment for this class consists of a two (2) term tests and a final exam. Tests and final exam are closed notes and closed books. No make-up tests will be given. The tentative schedule and the grade distribution are displayed in the table below.

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Term Test 1	Week 6: 18 February	25
Term Test 2	Week 12: 1 April	25
Final Exam	To be determined	50

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Ljungqvist, Lars and Thomas J. Sargent, ． e　　 e ,　　 Fe F F　　　 eF , Cambridge: MIT Press.

B/　KG　　　　**X**

Adda, Jerome and Russell W. Cooper, 　　　　 F F 　 , Cambridge: MIT Press.

Barro, Robert J. and Xavier Sala-i-Martin, 　 F F 　 ． F 　 , New York: McGraw Hill.

Blanchard, Olivier J. and Stanley Fischer, *Le　 e F ．　 Fe F F* , Cambridge: MIT Press.

Farmer, Roger E., 　 e ．　 Fe F F　　 Ff *Self-F lfill g P Fp e e* , Cambridge: MIT Press.

Romer, David, *Ad　 ed ．　 Fe F F* , New York: McGraw-Hill.

Sargent, Thomas J., 　　　　 ．　 Fe F F　　 eF , Cambridge: Harvard University Press.

Stokey, Nancy L. and Robert E. Lucas, ． e　　 e e Fd　　 F F　　　　 Cambridge: Harvard University Press.

COURSE OUTLINE

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1. National Income Accounting

2. Two Period Economies
   - *B́le* : Two Period Economies: A Review

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1. Dynamic Programming and Hamiltonian
   - *B́le* : A Child's Guide to Dynamic Programming
   - *B́le* : A Child's Guide to Optimal Control Theory

2. The One-Sector Neoclassical Growth Model
   - *Ё e* : Chapter 2
   - Blanchard and Fisher: Chapter 2

3. Perpetual Youth
   - lanchard, O., 1985. Debt, Deficits, and Finite Horizon. *JЁ l Ёf PЁ l ЁЁ* **93**.

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1. Discrete Time One-Sector Neoclassical Growth: A Review
   - *B́le* : A Child's Guide to Dynamic Programming

2. A Real Business Cycle Model
   - Farmer: Chapters 2 and 3
   - Ljungvqist and Sargent: Chapter 12
   - Romer: Chapter 4
   - King, Robert G., Charles I. Plosser, and Sergio T. Rebelo, 1988. Production, Growth, and Business Cycles: I. The Basic Neoclassical Model, *JЁ l Ёf. Ё-e ЁЁ* **7**.

3. Numerical Issues
   - Ljungvqist and Sargent: Chapters 4 and 5
   - King, Robert G., Charles I. Plosser, and Sergio T. Rebelo, 2002. Production, Growth, and Business Cycles: Technical Appendix, *CЁ p Ё l ЁЁ*

- Uhlig, Harald, 1997. A Toolkit for Analyzing Nonlinear Dynamic Stochastic Models Easily.
- Gri oli, Tommaso M., 2013. Dynare: User Guide.

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1. Monopolistic Competition and Sticky Prices
2. Monetary Economies: CIA, MIU, and Cashless Economies
3. Preferences: Non-Homotheticity, Habit, GHH, Endogenous Discount, Epstein-Zin
4. Shocks: Investment-specific, News, and Noise

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1. Matching and Bargaining
2. Monopsony
3. Directed Search
4. Search and Money

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1. Time Inconsistency
2. Monetary Policy: Optimal Inflation Rate and Policy Reaction Function
3. Monetary Policy Issue: Zero Lower Bound
4. Fiscal Policy: Ricardian Equivalence and Taxation in Dynamic Economies
5. Fiscal Policy Issue: The Multiplier

University Policies

You should familiarize yourself with the following University of Colorado policies:

1. University policies regarding classroom behavior are available at
   http://www.colorado.edu/policies/classbehavior.html

2. University policies regarding disabilities are available at
   http://www.colorado.edu/disabilityservices.

3. University polices regarding religious practice are available at
   http://www.colorado.edu/policies/fac_relig.html.

4. University policies regarding Sexual Harassment and Amorous Relationships are available at
   http://www.colorado.edu/odh/.

5. Information regarding the Honor Code Council is available at
   http://www.colorado.edu/policies/honor.html
   http://www.colorado.edu/academics/honorcode/.