

The Hebrew University of Jerusalem

Syllabus

MACRO ECONOMICS A FOR MA RESEARCH STUDENTS - 57989

Last update 01-10-2013

HU Credits: 4

Degree/Cycle: 2nd degree (Master)

Responsible Department: Economics

<u>Academic year:</u> 1

<u>Semester:</u> 1st Semester

Teaching Languages: Hebrew

<u>Campus:</u> Mt. Scopus

Course/Module Coordinator: Assaf Patir

Coordinator Email: assaf.patir@mail.huji.ac.il

Coordinator Office Hours: Tuesdays 12-14

<u>Teaching Staff:</u> Dr. Assaf Patir

Course/Module description:

The course focuses on learning the basic tools of contemporary macroeconomic research: dynamic planning with and w/o uncertainty, recursive methods, overlapping generations models, rational expectations, and nominal frictions. We will demonstrate how these tools are used in a number of central fields of macroeconomics: growth, business cycle, monetary theory and financial frictions.

<u>Course/Module aims:</u> See Course description

Learning outcomes - On successful completion of this module, students should be able to:

To read the contemporary macroeconomic literature and conduct current research.

<u>Attendance requirements(%):</u> 0

Teaching arrangement and method of instruction: Lecures, problem sets, exams.

Course/Module Content:

1. Growth

- 2. Dynamic planning under certainty
- 3. Solution methods
- 4. Dynamic planning under uncertainty
- 5. Business cycle
- 6. Monetary theory
- 7. New Keynesian economics
- 8. Macroeconomics with financial frictions.

<u>Required Reading:</u> Textbooks: Chapters 3,4,5,9,14,24: Ljungqvist, Lars, and Thomas J Sargent. Recursive Macroeconomic Theory. Cambridge, Mass.: MIT Press, 2004. Chapters 4,5 and 10 from:

Stokey, Nancy L, Robert E Lucas, and Edward C Prescott. Recursive Methods in Economic Dynamics. Cambridge, Mass.: Harvard University Press, 1989.

Articles

Christiano, Lawrence J., and Sharon G. Harrison. Chaos, Sunspots, and Automatic Stabilizers. Staff Report. Federal Reserve Bank of Minneapolis, 1996.

Clarida, Richard, Jordi Gali, and Mark Gertler. The Science of Monetary Policy: A New Keynesian Perspective. Working Paper. National Bureau of Economic Research, May 1999.

Jones, Larry E., and Rodolfo E. Manuelli. "The Sources of Growth." Journal of Economic Dynamics and Control 21, no. 1 (January 1997): 75–114.

Lucas, Robert E. "Why Doesn't Capital Flow from Rich to Poor Countries?" The American Economic Review 80, no. 2 (May 1, 1990): 92–96.

Manuelli, Rodolfo E. "Modern Business Cycle Analysis: a Guide to the Prescott-Summers Debate." Quarterly Review no. Fall (1986): 3–8.

Matsuyama, Kiminori. "Growing Through Cycles." Econometrica 67, no. 2 (1999): 335–347. doi:10.1111/1468-0262.00021.

Prescott, Edward C. . "Theory Ahead of Business Cycle Measurement." Quarterly Review no. Fall (1986): 9–22.

——— "Response to a Skeptic." Quarterly Review no. Fall (1986): 28–33. Romer, Paul M. "Growth Based on Increasing Returns Due to Specialization." The American Economic Review 77, no. 2 (May 1, 1987): 56–62.

———. "Increasing Returns and Long-Run Growth." Journal of Political Economy 94, no. 5 (October 1, 1986): 1002–1037. doi:10.2307/1833190.

Shleifer, Andrei. "Implementation Cycles." Journal of Political Economy 94, no. 6 (December 1, 1986): 1163–1190.

Summers, Lawrence H. "Some Skeptical Observations on Real Business Cycle Theory." Quarterly Review no. Fall (1986): 23–27.

Additional Reading Material:

Books

Blanchard, Olivier, and Stanley Fischer. Lectures on Macroeconomics. Cambridge, Mass.: MIT Press, 1989.

Cooley, Thomas F. Frontiers of Business Cycle Research. Princeton, N.J.: Princeton University Press, 1995.

Romer, David. Advanced Macroeconomics. New York: McGraw-Hill/Irwin, 2012.

Articles

Blackwell, David. "Discounted Dynamic Programming." The Annals of Mathematical Statistics 36, no. 1 (February 1, 1965): 226–235.

Kaplan, Greg, and Guido Menzio. Shopping Externalities and Self-Fulfilling Unemployment Fluctuations. Working Paper. National Bureau of Economic

Research, February 2013.

<u>Course/Module evaluation:</u> End of year written/oral examination 60 % Presentation 0 % Participation in Tutorials 0 % Project work 0 % Assignments 20 % Reports 0 % Research project 0 % Quizzes 20 % Other 0 %

<u>Additional information:</u> n/a