Economics 196 – Advanced Macroeconomics
Fall 2014 Syllabus

Professor Cameron A. Shelton
Bauer North 108
Office Hours: M/W 1:00 – 3:00, or by appointment

Textbook and Required Readings
Various Academic Journal Articles (posted on Sakai)

I have taken care to limit the reading in hopes that this will encourage students to read carefully and consistently. The schedule below lists readings for each lecture (*Romer* \(X, y\) refers to chapter \(X\), section \(y\).) I recommend reading the textbook sections *after* the lecture with which they are listed. In this way, the lecture will provide a guided intro to the terms and methods of the topic at hand and the textbook will serve to both solidify and expand on the lessons from lecture.

Course Description
Intermediate Macroeconomic Analysis (Econ 102) developed students’ ability to read and understand macroeconomic journalism and current events. This course will enable students to engage with macroeconomic research. We will learn the analytic tools of modern macroeconomics, including the workhorse models used to understand economic growth, business cycles, unemployment, consumption and investment spending, and monetary and fiscal policy. The main difference is that these macroeconomic models are built on models of the behavior of firms and households (micro-foundations) rather than ad-hoc reasoning about aggregates. We will also review empirical evidence on many of these models and discuss major debates in the field.

Prerequisites
Econ 101, 102, 125

Learning Objectives
The goals of this course are to enable students to critically read and understand modern macroeconomic research, to assess macroeconomic research, and to communicate these assessments to others both verbally and in writing.
These goals first and foremost require familiarity with common modeling techniques, the historical debates in macroeconomics, and relevant empirical evidence. Problem sets will afford students the opportunity to practice the relevant analytic skills developed in lecture including mathematical analysis, empirical analysis, and the logical application of such techniques to reasoning about particular questions. Students will have several opportunities to read important research in the field. There will be five roundtables during which we discuss half-a-dozen articles of which students will prepare a summary. Second, students will write a term paper. Because the field of macroeconomics is broad and the techniques are complex, we do not have time to delve deeply into subfields and particular questions in this one semester course. The paper is an opportunity to delve more deeply into a particular literature; it is the vehicle by which students will apply the general skills learned in the course to a topic of particular interest.

**Grading Criteria:**

7 Problem Sets (may be completed in pairs): 30%
1 Take-Home Final: 20%
Participation in roundtables: 10%
5 Written Roundtable Summaries: 20%
Lit Review: 20%

**Policies**

**Problem Sets**
Problem sets will be posted on the course website hosted on Sakai. The due dates are noted on your syllabus and will be repeated on the assignment sheet. Problem sets are to be turned in either in hard copy to the folder on my office door or in electronic copy to your dropbox on Sakai. Please do not email them to me directly. Problem sets will variously contain analytic questions drawn from your textbook, data questions of my design, and short answer questions. All three types of analysis—analytical, empirical, and verbal—are an important part of your work. I reserve the right to adjust due dates to accommodate scheduling adjustments. I will always give you at least one week between the posting of an assignment and its due date.

**Collaboration**
Students may collaborate with, at most, one other student on problem sets. In this case, one problem set may be handed in with both students’ names written on the finished problem set. Both students will receive the same grade. **Warning: be sure you each understand the entirety of the material as you will be responsible for it on the final exam.**

**Legibility**
Grading papers and exams is repetitive at best and can be a frustrating task when papers are messy. Be kind to me by making your assignments legible. Problem sets need not be typed but points may be lost due to illegible handwriting, poorly organized answer sheets, or other obstacles to grading. I always try to search for the hidden glow of understanding and award as many points as possible, but please do not lead me on a treasure hunt across your assignment in search of your train of thought. If your initial write-up is messy, recopy to a clean sheet. Such reiteration will not only please me but also further your understanding through repetition and help you to catch mistakes.

**Grading Guidelines**
Guidelines for the oral paper summaries and the term paper are available on Sakai in separate documents, *Roundtable Guidelines and Term Paper Guidelines.*
Exams
There is no midterm exam. The final exam will be a take-home exam. It will be available starting the day after the last relevant material has been covered (Thursday December 11, 9am) and must be turned in by the end of our registrar-scheduled final slot (Monday December 15, Noon). Students may check it out to begin at any time and will have 24 hours to complete and return it. The exam consists of a few analytical problems, an empirical exercise, and a few short answer questions, much like a problem set. Unlike a problem set, the final must be completed individually.

Availability
Email: I am generally available during normal business hours and try to respond quickly to email requests. However, I cannot always respond immediately, even during the day. Moreover, I am not on call at all hours so I suggest you do not rely completely on receiving a swift response to your urgent midnight query. Plan ahead.

Office Hours: I pledge to be in my office and available to answer your questions during these times. On the rare occasion that I must cancel, I will notify the class via email. If these times are consistently difficult for you to make, we will find another time to meet.

Disability
If you have any problems with the terms of this syllabus due to a documented disability please let me know within the first two weeks of class. Note if you require alternative arrangements for the exams I must be contacted, at your instigation, by the Dean of Students Office but it is your responsibility to coordinate with me about the time and place of your exam at least 2 weeks prior to the exam.

Extra Credit
There is no extra credit in this course.

Academic Dishonesty
Please be aware that any incidence of academic dishonesty (plagiarism, cheating, etc.) will be taken extremely seriously. All cases will be reported to the Academic Standards Committee immediately. When in doubt as to whether a certain behavior is acceptable, ask me first.
Course Outline and Assignment Schedule

I. Long-Run Economic Growth

Reading:  Romer 1.1, 2.0, 2.1

Reading:  Romer 2.2, 2.3, 2.5

Reading:  Romer 2.6, 2.7

Problem Set 1 due: Thursday September 11th, 11:59pm.

Romer 4.2, 4.3

Romer 4.4, 4.5

Problem Set 2 due: Thursday September 18th, 11:59pm.

Readings:

**Growth I Readings Summary due: in class Monday September 22\textsuperscript{nd}**


Read thoroughly: sections 1, 3 – 4.1.1 (pages 1-3, 41 - 57).
Skim: section 2 (pages 4-40).


Readings:
5. Lagakos, David. (2009) “Superstores or Mom and Pops? Technology Adoption and Productivity Differences in Retail Trade.” *FRB Minneapolis Staff Report*

**Growth II Readings Summary due: in class Monday September 29\textsuperscript{th}**

II.  **Business Cycles**


Reading:  **Romer 5.1**

[9] M 10/6  **Basic RBC Model: rationale and setup**

Reading:  **Romer 5.2 - 5.4**


[10] W 10/8  **Basic RBC Model: setup and solution**

Reading:  **Romer 5.5 – 5.7**

**Problem Set 3 due: Thursday October 9\textsuperscript{th}, 11:59pm**
Reading:  Romer 5.8

Reading:  Romer 5.10, 6.1, 6.2


Problem Set 4 due: Thursday October 16th, 11:59pm

[-] M 10/20  No Class: Fall Break

[14] W 10/22  Microfoundations of Incomplete Nominal Adjustment  
Reading:  Romer 6.6 – 6.7

Problem Set 5 due: Thursday October 23rd, 11:59pm

Reading:  Romer 7.0, 7.5

Readings:

III. Unemployment

Reading:  Romer 10.1, 10.4

[18] W 11/5  Shapiro-Stiglitz Efficiency-Wage Theory solution and analysis
Reading: Romer 10.8

Reading: Romer 10.6

Problem Set 6 due: Thursday November 13th, 11:59pm

Reading: Romer 10.7


Problem Set 7 due: Thursday November 20th, 11:59pm

[23] M 11/24  Roundtable on Unemployment
Readings:


IV. Consumption
Reading: Romer 8.0, 8.1, 8.2

[26] M 12/8  Extending the PIH: Risk, Precautionary Saving, and Liquidity Constraints
Reading: Romer 8.5, 8.6

Readings:


Final Exam (24-hour take home)
   Available earliest: Thursday December 11th, 9am
   Due latest: Monday December 15th, Noon

Course Paper due: Thursday December 18th, 5pm
## Summary of Due Dates:

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<tr>
<th>Day</th>
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<td>Thursday</td>
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<td>Problem Set 1</td>
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<td>Thursday</td>
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<td>Problem Set 2</td>
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<td>Monday</td>
<td>9/22</td>
<td>Growth I Roundtable Summary</td>
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<td>Monday</td>
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<td>Unemployment Roundtable Summary</td>
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<td>Wednesday</td>
<td>12/10</td>
<td>Consumption Roundtable Summary</td>
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24-hour Take Home Final Exam to be taken between
Thursday 12/11 9am and Monday 12/15 Noon

| Thursday  | 12/18 | Lit Review                                      | 11:59pm    |