

Course Instructor: Codrina Rada, Associate Professor, GC4314. Email rada@economics.utah.edu
Class meets: MW 1:25-2:45

1 Course description This course is an introduction to contemporary mainstream macroeconomics. The objectives of the course are: (1) to familiarize the student with the mainstream macroeconomic theories and contemporary research; (2) to help students develop the skills necessary to understand and use analytical and modeling methods in mainstream macroeconomics; (3) to familiarize students with the empirical evidence that speaks to current macroeconomic problems and to mainstream macroeconomic theories. The course will focus on the following broad topics: (1) growth theory and full employment models; (2) business cycles analysis, with a focus on models of income and price determination; (3) models for main economic aggregates, and aspects of monetary and fiscal policies.

2 Canvas The syllabus, assignments, answers, grades (except final exam) and announcements will be posted on Canvas. It is the student's responsibility to check Canvas regularly. Make sure that your mail is forwarded from Canvas to an address that you check frequently.

3 Students with disabilities The University of Utah seeks to provide equal access to its programs, services and activities for people with disabilities. If you will need accommodations in the class, reasonable prior notice needs to be given to the Center for Disability Services, 162 Olpin Union Building, 581-5020 (V/TDD). CDS will work with you and the instructor to make arrangements for accommodations.

4 Required Work : The final grade will be a weighted average of the scores for problem sets (40%) and three exams (20% each).

4.1 Problem sets : Problem sets will be posted on Canvas after each of the topics below has been covered in class.

4.2 Exams : Three exams: Exam 1 covering the three growth models tentatively during Week of February 7. Exam 2 covering New Classical and New Keynesian theories of business cycles and economic fluctuations, tentatively during Week of March 21. Exam 3 covering the rest of the rest of the material, tentatively during Final exam period.

5 Readings Topics will be selected among the following textbooks, and/or journal articles that will be distributed through Canvas. Starred items in the following list feature required readings for the course. Additional lecture notes may be provided through Canvas at the instructor's discretion.

Main textbooks:

Romer, D. (2019). Advanced Macroeconomics, 5th edition.

Barro, J.R. and Sala-i-Martin, X. (2004). Economic Growth, 2nd edition.

Journal articles: Copies of required journal articles will be made available.

6 Preliminary course outline and readings

I Economic Growth (≈ 5 weeks)

Main theory readings come from selected sections in the following chapters:

Barro, J.R. and Sala-i-Martin, X. (2004). Economic Growth, Ch. 1,2,3

Romer, D. 2019. Advanced Macroeconomics, Ch. 1,2

I.I Intro to neoclassical growth theory & Solow Growth Model (1.5 weeks)

Barro, J.R. and Sala-i-Martin, X. (2004). Economic Growth. MIT Press. Ch. 1

Romer, D. 2019. Advanced Macroeconomics. McGrawHill Education. Ch. 1

Snowden, B. and Vane, H. 2005. Modern Macroeconomics, Ch. 11

Jones, C. (2016). The facts of economic growth. Handbook of Macroeconomics, Vol 2A.

Jones, C. and Romer, P. (2010). The New Kaldor Facts: Ideas, Institutions, Population, and Human Capital, American Economic Journal, Macroeconomics vol. 2(1), 224-245.

Eltis, W. (1987). Harrod-Domar Growth Model. The New Palgrave: A Dictionary of Economics, 1st edition, 1987. Edited by John Eatwell, Murray Milgate and Peter Newman.

I.II Dynamic Optimization

Barro, J.R. and Sala-i-Martin, X. (2004). Economic Growth. MIT Press. Appendix A.3.

Dorfman, R. (1969). An Economic Interpretation of Optimal Control Theory. American Economic Review, 1969, vol. 59, issue 5, 817-31.

I.III Ramsey-Cass-Koopmans Growth Model (RGM) (1.5 weeks)

Barro, J.R. and Sala-i-Martin, X. (2004). Economic Growth. MIT Press. Chapter 2.

I.IV OLG Growth Model (OLG) (1.5 week)

Barro, J.R. and Sala-i-Martin, X. (2004). Economic Growth. MIT Press. Chapter 3, Section 3.8.

Romer, D. 2019. Advanced Macroeconomics. McGrawHill Education. Ch. 2, Part B

II Business Cycles Theories (≈ 4 weeks)

Short introduction based on *Snowden, B. and Vane, H. 2005. Modern Macroeconomics, Chs. 1,2*

II.I Old and New Classical Macroeconomics (2 weeks)

Romer, D. 2019. Advanced Macroeconomics, Ch. 5.

Lucas, R. 1976. "Econometric Policy Evaluation: A Critique," Carnegie-Rochester Conference Series on Public Policy, 1(1), 19-46.

Snowden, B. and Vane, H. 2005. Modern Macroeconomics, Chs. 4,5,6

II.II Old and New Keynesian Macroeconomics (2 weeks)

Romer, D. 2019. *Advanced Macroeconomics*, Ch. 6.

Ball, L. and Romer, D. 1990. "Real Rigidities and Non-neutrality of Money", *Review of Economic Studies*, 57(2), 183-203.

Blinder, A.S. 1987. "Keynes, Lucas, and Scientific Progress," *American Economic Review*, 77(2), 130-136.

Snowden, B. and Vane, H. 2005. *Modern Macroeconomics*, Chs. 3,7.

III Economic aggregates & macro policies (\approx 5 weeks)

III.I Consumption and Investment (2 weeks)

Romer, D. 2019. *Advanced Macroeconomics*, Ch. 8,9

Frederick, R.A., Loewenstein, G. and O'Donoghue, T. (2002) "Time discounting and time preference: a critical review". *Journal of Economic Literature*, 351-401.

Stiglitz, Joseph and Andrew Weiss (1981). "Credit Rationing in Markets with Imperfect Information," *American Economic Review*, 71(3), pp. 393-410.

III.II Labor markets and unemployment (1.5 weeks)

Romer, D. 2019. *Advanced Macroeconomics*, Ch. 11

III.III Monetary and fiscal policy (2 weeks)

Romer, D. 2019. *Advanced Macroeconomics*, Ch. 12, 13

Taylor, J.B. 1993, "Discretion versus Policy Rules in Practice," *Carnegie-Rochester Conference Series on Public Policy*, 39, 195-214.

Other interesting readings for an overview, history and methodology

Akerlof, G.A. (2007) "The Missing Motivation in Macroeconomics". *AER*, 5-36.

BEA (2009) "Concepts and Methods of the U.S. National Income and Product Accounts".

Blanchard, O.J. (2008) "The state of macro". NBER Working paper 14259.

Chari, V.V. and Kehoe, P.J. (2006) "Modern Macroeconomics in Practice: How Theory Is Shaping Policy", *Journal of Economic Perspectives*, 20 (4), pp. 3-28

Solow, R. (2008) "The State of Macroeconomics", *Journal of Economic Perspectives*, 22 (1), 243-249.