



ECON 9004: ADVANCED MACROECONOMICS II
(Semester II - 2020/2021)
Department of Economics
The University of the West Indies - Mona

Lecturer: Nken Moïse
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Office: McIntyre Complex E-208
Class: Tuesdays 3-6pm
Office Hours: by Appointment

Prerequisite:

Course Description:

The objective of this course is to present the main theories of macroeconomics in the long run, i.e. the theory of economic growth and unemployment, to introduce the main facts of the business cycles, and the skeleton of dynamic stochastic general equilibrium models. In our way, we will introduce/review a number of tools in dynamic optimization, equilibrium derivation, and welfare analysis.

Learning Outcomes:

Upon completing this course, the successful student should be able to:

- Determine the economic outcomes when competitive markets exist and be able to compare that with the outcome of an economic planner.
- Use real business cycle models to explain past economic activity and predict future activities.
- Determine the economic outcome of a dynamic system under different information structures.

Modes of Delivery:

Online. Three hours of lecture per week.

Assessment:

	Weighting	Due Dates				
		Assig ^{nmt} 1	Assig ^{nmt} 2	Assig ^{nmt} 3	Assig ^{nmt} 4	Assig ^{nmt} 5
Problem sets	15%	Feb. 16	Mar. 2	Mar. 16	Mar. 30	Apr. 6
Mid-semester Examination	35%	TBA				
Final Examination	50%	TBA				

Resources:

Required Textbooks:

Lars Ljungqvist and Thomas J. Sargent (2004), *Recursive Macroeconomic Theory*, 2nd Edition, MIT Press, Cambridge, MA.(LS thereafter)

Nancy L. Stokey and Robert E. Lucas, Jr., with Edward C. Prescott (1989), *Recursive Methods in Economic Dynamics*, Harvard University Press, Cambridge, MA.(SLwP)

Krueger, Dirk (2013), *Macroeconomic Theory*, unpublished manuscript.(K)

Course Outline:

¹The actual delivery of the content may vary based on class circumstances.

#	Course topics	Readings ¹
	Uninsured Idiosyncratic Risk and Heterogeneity	
I	<ol style="list-style-type: none"> Ríos-Rull, J-V (1995). “Models with Heterogeneous Agents,” in T. F. Cooley, editor, <i>Frontiers of Business Cycle Research</i>, chapter 4. Princeton University Press. Huggett, M (1993). “The Risk-Free Rate in Heterogeneous-Agent Incomplete-Insurance Economies,” <i>Journal of Economic Dynamics and Control</i>, 17(5-6), 953-69. Aiyagari, S.R. (1994). “Uninsured Idiosyncratic Risk and Aggregate Saving,” <i>Quarterly Journal of Economics</i>, 109(3), 659-84. Krusell, P. and A.A. Smith Jr. (1998). “Income and Wealth Heterogeneity in the Macroeconomy,” <i>Journal of Political Economy</i>, 106(5), 867-96. 	LS chapt. 16,17
	Search, Matching, and Unemployment	
II	<ol style="list-style-type: none"> Pissarides, Christopher A. (2000). Chapters 1, 2 & 8 in “Equilibrium Unemployment Theory,” MIT Press, Cambridge, MA. Rogerson, Richard, Robert Shimer and Randall Wright (2005). “Search-Theoretic Models of the Labor Market: A Survey,” <i>Journal of Economic Literature</i> 43, 959-988. Andolfatto, David (1996). “Business Cycles and Labor Market Search,” <i>American Economic Review</i> 86, 112-132. Shimer, Robert (2005). “The Cyclical Behavior of Equilibrium Unemployment and Vacancies,” <i>American Economic Review</i>, 95(1), 25-49. Hosios, Arthur (1990), “On the Efficiency of Matching and Related Models of Search and Unemployment” <i>Review of Economic Studies</i>, Vol. 57, No. 2 (Apr., 1990), pp. 279-298 Moen, Ragnar (1995), “Competitive search equilibrium ”, <i>Journal of Political Economy</i> 	LS chapt. 6, 20 & 30
	III Lectures on Money, Credit, Prices and Search	

Business Cycle Accounting

- IV**
1. Kehoe, T. and E. Prescott (editors) (2007). "Great Depressions of the Twentieth Century," Federal Reserve Bank of Minneapolis, Minneapolis.
 2. Amaral, P and J. MacGee (2002). "The Great Depression in Canada and the United States: A Neoclassical Perspective," Review of Economic Dynamics, 5(1), 45-72. LS chapt. 12; K chapt. 6; SLwP chapt. 9,10
 3. Chari V.V., P. Kehoe, and E. McGrattan (2007). "Business Cycle Accounting," Econometrica 75, 781- 836.
 4. Cole, H. and L. Ohanian (1999). "The Great Depression in the United States from a Neoclassical Perspective," Federal Reserve Bank of Minneapolis Quarterly Review, 23, 1-24.

V Limited commitment

LS chapt. 15

Specific Course Management Policy

Problem Sets

Several problem sets related to class material will be distributed during the course. Submitted solutions to the assigned problem sets should look professional. In particular, each problem in an assignment should be written on the same type of paper and use the same font. Math and graphical parts can be written by hand, but they should be legible and neat. Students can work together on the problem sets, but each student must submit his/her own solutions to the problem set using his/her own words. Copying the answers to the problem sets from other students is forbidden.

Final Exam

The final exam is cumulative and covers all the material learned in class.

Lecture and Test Rules

- Students should check OurVle regularly for announcements.
- Students should silence all cell phones before entering the lecture hall.
- For all exams: digital dictionaries, PDAs, cell phones and other electronic devices are not allowed. Books, papers, knapsacks and briefcases stay at the front or side of the lecture hall. The only items that you may have with you are pens, pencils, calculator (if allowed), identification and purses. If you do not follow these rules you may be charged with academic dishonesty.