

Advanced Macroeconomics

Econ 594SA (Part I)

Summer 2008 - Henning Bohn
UC Santa Barbara

Welcome to the AEA summer program! Posted here are course information, reading list, and various supplemental materials.

Changes will be posted throughout the quarter. Please check before class.

Announcements: [Updated: 6/25/08]

- **See revised readings for class #2.**
- Class requirements for Part I: Two problems sets and a midterm exam (last class).
- I teach Part I of Econ 594SA. Please consult Javier Birchenall about Part II.
- Javier and I will exchange teaching in weeks 3&4 because he will be out of town week 4. That is, Part I is weeks 1,2,4; part II is weeks 3,5,6. Therefore the exam for Part I will be on July 17. (In case you are confused about the schedule: I will make announcements in class, this is just to give you advance notice.)

Office Hours:

My office is open to graduate students at any time.

Official office hours are (tentatively) [Tuesdays and Thursdays 11-12.](#)

E-mail: bohn@econ.ucsb.edu. Always put "Econ 594" in the subject line.

Problem Sets:

Here is a collection of practice problems (pdf file): [Problem Set Collection](#)

Problem set assignments (tentative):

- (1) Intro #1-2. Part 1, #1-4. **Due Tu. July 1.**
- (2) Part 2, #1-3. Tentative due date: July 8.

Course Outline:

Some overheads/lecture notes will be provided later, to be updated.

The class covers more than the required readings. When I cover material not in the main text, I try to provide background references and list them as recommended, optional, or alternate. Such non-required items are not tested, but you are responsible for everything covered in class. The same applies to math references: supplemental readings for your benefit, tested to the extent covered in class.

Slides marked with stars (*) are covered only if we have enough time.

1. Exogenous Growth: The Solow Model

Class #1: Introduction. The Solow Model.

- [Slides1a](#) [w/corrections 6/24] .
- Optional (as background for introduction): Williamson, Macroeconomics, ch. 4, 5, 8.

Class #2: Solow Model - Analysis and Applications.

- [Slides1b](#) .
- Required: Romer, Advanced Macroeconomics, ch.1.1-1.5.
- Required: [Note on Linear Differential Equations](#) .
- Math reference: Barro/Sala-i-Martin, Economic Growth, appendix A.1.
- Alternate (more advanced than Romer): Barro/Sala-i-Martin, Economic Growth, ch.1.
- Alternate (easier than Romer): Jones, Introduction to Economic Growth, ch.1-3.
- [Slides2a](#) . (*Discussed if time, otherwise in class #3, same for readings below*)
- Required: Romer, Advanced Macroeconomics, ch.1.6-1.7. (Optional: ch. 1.8).
- Required: Mankiw, Romer, Weil, [A Contribution to the Empirics of Economic Growth](#), Quarterly Journal of Economics 107, 1992, 407-437.
- Worksheet - [pdf](#) (As hint on how to set this up yourself. xls sheet posted later)
- Optional (as intro to New Growth): Jones, Introduction to Economic Growth, ch.4-5.

2. Optimal Growth: The Ramsey Model

Class #3: Intertemporal consumption-savings choices. Introduction to optimal control.

- [Slides3a](#) , [Slides3b](#) .
- Required: Romer, Advanced Macroeconomics, ch.2.1-2.2.
- Math reference: Barro/Sala-i-Martin, Economic Growth, appendix A.3.
- Math reference: Dixit, Optimization in Economic Theory, ch.10.
- Alternate (more advanced than Romer): Barro/Sala-i-Martin, Economic Growth, ch.2.

Class #4: Analysis of the optimal growth model.

- [Slides4a](#) , [Slides4b](#)(*).
- Required: Romer, Advanced Macroeconomics, ch.2.3-2.6.
- Math reference: [Notes on the log-linearized optimal growth model](#) .
- Optional: Stokey and Lucas: Recursive Methods, ch.2. [Intro to discrete-time optimization]

Class #5: Applications to fiscal policy and money.

- [Slides5a](#) , [Slides5b](#)(*).
- Required: Romer, Advanced Macroeconomics, ch.2.7 and ch.11.1-11.2.

- Classic reference: Miguel Sidrauski: [Rational Choice and Patterns of Growth in a Monetary Economy](#), American Economic Review 57, 1967, 534-544.

Class #6: Midterm exam - in class.

For the record: This page and the resources material are for the exclusive use of UCSB students enrolled in my classes. (C) Henning Bohn.

If you run into technical glitches or errors on this page, please send me a message. Some links (notably to Jstor) can only be accessed from a UCSB server.

Please send any comments to bohn@econ.ucsb.edu