Course Information

Textbooks


Course Requirements

Readings

Required readings are marked with an asterisk.

Homework

Problem sets will be assigned on occasion. I encourage you to work together on these assignments, however, each person must submit his or her own set of answers.

Exams

There will be a midterm exam and a final exam. Make-up exams will be given only under extremely extenuating circumstances. Notification and arrangements must be made before the exam. The final exam is scheduled for Friday, Dec. 13, 7:30pm-10:30pm.

Abbreviations:

AER : American Economic Review
CJE : Canadian Journal of Economics
EMA : Econometrica
JEP : Journal of Economic Perspectives
JET : Journal of Economic Theory
JME : Journal of Monetary Economics
JPE : Journal of Political Economy
QJE : Quarterly Journal of Economics
RES : Review of Economics and Statistics
I. Introduction
*Barro, Ch. 1

II. Microeconomic Foundations and the Basic Market-Clearing Model
*Barro, Chs. 2-5
*Notes
Dixit, Chs. 1,2.

III. Money and Inflation
*Barro, Chs. 7,8
*Barro and Fischer, "Recent Developments in Monetary Theory," JME, April 1976. Sections 3,4
*Friedman, "The Optimum Quantity of Money," in The Optimum Quantity of Money and Other Essays.
IV. Investment, Growth, and Public Policy

A. Investment, Capital Accumulation, and Growth

*Barro, Chs. 9, 10

*Notes

Arrow and Kurz, Ch. 2, "Methods of Optimization over Time"


B. Government Expenditures, Taxes, and Debt

*Barro, Chs. 12-14

*Barro, "Public Debt and Taxes,"


*Barro, "The Neoclassical Approach to Fiscal Policy," Ch. 5 in Barro MBCT.

Benjamin and Kochin, "War, Prices, and Interest Rates: A Martial Solution
to Gibson's Paradox," in Bordo and Schwartz, A Retrospective on the


Plosser, "Government Financing Decisions and Asset Returns," JME May 1982

C. Rational Expectations and Policy Evaluation

Curve and Labor Markets, eds. K. Brunner and A. Meltzer,
Carnegie-Rochester Conference Series on Public Policy, vol. 1,

*Lucas, "Rules, Discretion, and the Role of the Economic Advisor," in
Rational Expectations and Economic Policy, ed. Stanley Fischer,

V. Money and Banki...


*Diamond and Dybvig, "Bank Runs, Deposit Insurance, and Liquidity," JPE 1983
VI. Equilibrium Models of Business Cycles - An Introduction

*McCallum, "Real Business Cycle Models," Ch. 1 in Barro MBCT.


Barro, Ch. 19


*Eichenbaum and Singleton, "Do Equilibrium Real Business Cycle Theories Explain Postwar U.S. Business Cycles?"