Economics 6080
Applied Macroeconomic Theory
Spring 1991
TR 11:00-12:15

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 Thursday, May 9, 7:30am-10:30am.

Grading
Homeworks: 20%
Midterm Exam: 30%
Final Exam: 50% (yes, the final is cumulative)

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
Course Outline and Reading List

I. Introduction
   *Barro, Ch. 1

II. Microeconomic Foundations and the Basic Market-Clearing Model
   *Barro, Chs. 2-6

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

C. Rational Expectations and Policy Evaluation


V. Monetary Economies

Johnson, "Money in a Neo-Classical, One-Sector Growth Model," in Essays in Monetary Economics, Ch. 4.

VI. Equilibrium Models of Business Cycles

A. Real Business Cycle Models - An Introduction


B. Equilibrium Models with Incomplete Information

*Barro, Ch. 19
Barro, "The Equilibrium Approach to Business Cycles,"

C. Evidence

*Barro, Ch. 18
*Eichenbaum and Singleton, "Do Equilibrium Real Business Cycle Theories Explain Postwar U.S. Business Cycles?"