

**Intermediate Macroeconomics
Economics UN3213
Professor Martín Uribe
Spring 2019**

Course Description: This course introduces students to modern dynamic macroeconomic theory and policy. It covers the following five broad subject areas: economic growth, fiscal theory and policy, monetary theory and policy, business-cycle analysis, and international macroeconomics.

Prerequisites: Calculus I (Math UN1101), Principles of Economics (Econ UN1105). No credit will be given to students who have not completed the prerequisites. Calculus III (Math UN1201) and Intermediate Microeconomics (Econ UN3211), while not required, are recommended.

Requirements: The final grade will be based on written homework assignments (20%), a midterm exam (35%), and a cumulative final exam (45%). No late problem sets will be accepted and no makeup exams will be given. You may miss one homework assignment. Homework assignments will be posted on courseworks one week before their due dates. Homeworks are due on Mondays at the beginning of class. Please submit your homework on paper, not via email or Canvas.

Teaching Team, Office Hours, and Contact Information

Instructor: Professor Martín Uribe <mu2166@columbia.edu>. Office Hours: Mondays 4:15-5:30pm and by appointment, 1109B IAB.

Head TA: Paul Bouscasse, <pab2170@columbia.edu> Office Hours: Thursdays, 9:00-10:00am, IAB 1006A.

Graduate TA: Joseph Saia <joseph.saia@columbia.edu> Office Hours: Tuesdays, 9:00-10:00am in Lehman Library.

Graduate TA: Miguel Acosta <m.acosta@columbia.edu> Office Hours: Wednesdays, 1:00-2:00pm, IAB 1006A.

Undergraduate TA: Bennie Chen <yc3256@columbia.edu> Office Hours: Thursdays, 2:50-3:50pm, Lehman Library, group study area 329A.

Undergraduate TA: Dabin Lee <dl3217@columbia.edu>. Office Hours: Thursdays, 11:50am-12:50pm, Lehman Library.

Recitations (attend one per week). If you are registered in this course, you need to register for its associated recitation course. The recitation course number for this course is UN3214 and is the same number for sections 1 and 2.

Tuesdays, Miguel Acosta, time/location TBA.

Thursdays, Paul Bouscasse, time/location TBA.

Fridays, Joseph Saia, time/location TBA.

Outside Office Hours: Please use Piazza to communicate with the TAs outside of office hours. There will always be one answering questions.

Midterm Exam: Wednesday, March 13, in class.

Final Exam: See registrar website.

Texts: For the first four topics (economic growth, fiscal policy, monetary economics, and business-cycle analysis), the main reference is Macroeconomics by Stephanie Schmitt-Grohé and Martín Uribe, hereafter SGU, to be posted on courseworks. For topic four (International Macroeconomics), the main reference is *International Macroeconomics*, by Stephanie Schmitt-Grohé, Martín Uribe, and Michael Woodford, hereafter SUW, a textbook manuscript that will be available on courseworks. Any needed additional reading will be posted on courseworks. An optional (not required) textbook is *Macroeconomics*, by N. Gregory Mankiw, any edition.

Outline of Material to be Covered:

1. **Basic Concepts in Macroeconomics (2 lectures)**
2. **Economic Growth (7 lectures)**
 - The Solow Model
 - Population and economic growth.
 - Technological progress and economic growth.
 - Measuring technological progress.
 - Endogenous growth theories.
3. **Monetary Theory and Policy (7 lectures)**
 - Interest Rate Policy in a Two-Period Sticky Price Model
 - Liquidity Traps due to Natural Rate Shocks
 - Liquidity Traps due to Uncertainty Shocks
 - Long-Run Empirical Regularities & Quantity Theory of Money
 - The Fisher and Neo-Fisher Effects
 - The Baumol Tobin Model of Money Demand
 - The Cagan Model
 - Adaptive versus Rational Inflationary Expectations
 - Forward Guidance
4. **Fiscal Policy (4 lectures)**
 - The real effects of changes in government spending and taxes.
 - Ricardian equivalence.
 - Breakdown of Ricardian equivalence.
5. **International Macroeconomics (8 lectures)**

Main reading: SUW.

 - Global Imbalances (SUW Ch. 1)
 - The Exorbitant Privilege: U.S. net foreign assets and valuation changes (SUW, Ch. 1.5)
 - Current Account Sustainability (SUW, Ch. 2)
 - A Theory of Current Account Determination (SUW, Ch. 3)
 - Current Account Adjustment in Small and Large Economies (SUW, Ch. 6)
 - The Global Saving Glut Hypothesis (Bernanke, 2005)
 - The Great Recession in Peripheral Europe: 2008-2011 (SUW, Ch. 11)