

Economics W3213, Section 3
Intermediate Macroeconomics
Spring 2015

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

Texts: For the first three topics the main reference are the lecture notes posted on courseworks. A recommended text for background reading is N. Gregory Mankiw, *Macroeconomics*, 7th Edition, Worth Publishers. For part four the main reference is Schmitt-Grohé, Uribe, and Woodford, *International Macroeconomics*, Princeton University Press (under contract). Additional readings will be posted on courseworks.

Syllabus:

1. **Basic Concepts in Macroeconomics (2 lectures)**
 - Mankiw, Chapters 1-3.
 - J. Steven Landefeld et al., “Taking the Pulse of the Economy: Measuring GDP.” *Journal of Economic Perspectives*, Volume 22, Number 2, Spring 2008, 193-216.
2. **Growth Theory (7 lectures)**
 - Mankiw, Chapters 7 and 8.
 - Xiaodong Zhu, “Understanding China’s Growth: Past, Present, and Future.” *Journal of Economic Perspectives*, Volume 26, Number 4, Fall 2012, 103-124.
 - Alwyn Young, “The Tyranny of Numbers: Confronting the Statistical Realities of the East Asian Growth.” *Quarterly Journal of Economics*, Volume 110, Number 3, August 1995, 641-680.
 - Chang-Tai Hsieh, “What Explains the Industrial Revolution in East Asia? Evidence from the Factor Markets.” *American Economic Review*, Volume 92, Number 3, June 2002, 502-526.
3. **Monetary Theory and Policy (7 lectures)**
 - Long-Run Empirical Regularities & Quantity Theory of Money
Robert E. Lucas, Jr., “Nobel Lecture: Monetary Neutrality.” *The Journal of Political Economy*, Volume 104, Number 4, August 1996, 661-682.
 - Mankiw, Chapter 4.
 - Baumol Tobin Model of Money Demand
Mankiw, Chapter 19.
 - Adaptive vs Rational Expectations in the Cagan Model
Mankiw, Appendix to Chapter 4.
 - Sargent, ‘The Ends of Four Big Inflations.’
 - Interest Rate Policy in 2-period sticky price model
Mankiw, Chapter 17-2 (for a real 2-period intertemporal choice model)
 - Liquidity Traps due to Natural Rate Shocks
 - Liquidity Traps due to Uncertainty Shocks

4. Fiscal Policy and Ricardian Equivalence (4 lectures)

Mankiw, Chapters 16 and 17.2.

Robert J. Barro, "The Ricardian Approach to Budget Deficits," *Journal of Economic Perspectives*, Volume 3, Number 2, Spring 1989, 37-54.

5. International Macroeconomics (8 lectures)

Main reading: Schmitt-Grohé, Uribe, Woodford, '*International Macroeconomics*', Textbook Manuscript.

- 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)

Lectures: MW 10:10-11:25am in 602 Hamilton Hall

Prerequisites: Math V1101 Calculus I, Econ W1105 Principles of Economics. No credit will be given to students who have not completed the prerequisites.

Instructor: Stephanie Schmitt-Grohé <ss3501@columbia.edu>. Office Hours: Mondays 4-5pm and by appointment in 1109B IAB.

Head TA: Yang Jiao, <yj2279@columbia.edu>.

Graduate TA: Matthieu Bellon, <mb3413@columbia.edu>.

Graduate TA: Yoon Joo Jo, <yj2304@columbia.edu>.

Undergraduate TA: Marcos Martínez, <mmm2333@columbia.edu>.

Undergraduate TA: Ryan Rivera, <rjr2141@columbia.edu>.

Recitations (attend one per week):

Wednesdays 6:10-7:10pm, taught by Yang Jiao, 407 IAB.

Thursdays 6:10-7:10pm, taught by Matthieu Bellon, 414 Pupin.

Fridays 3:00-4:00pm, taught by Yoon Joo Jo, 303 Hamilton.

TA Office Hours:

Sundays, 6:30-7:30pm, Marcos Martínez, Lehman Library - Group Study Area.

Mondays 1:00-2:00pm, Yoon Joo Jo, Lehman Library - Group Study Area.

Mondays 6:30-7:30pm, Matthieu Bellon, Lehman Library - Group Study Area.

Tuesdays 12:30-13:30pm, Yang Jiao, Lehman Library - Group Study Area.

Tuesdays 3:00-4:00pm, Ryan Rivera, Lehman Library - Group Study Area.

Midterm Exams: February 18 and March 30, in class.

Final Exam: Monday, May 11, 9:00am to noon. (projected)