

UNIVERSITY OF OREGON
Department of Economics

Professor George W. Evans

Economics 607, Winter 2016

Room 441 PLC.

Office hours: Tuesday, 11:40 am – 12:30 pm, F 9:30 – 10:20am.

Phone: 346-4662, email: gevans “at” uoregon.edu

The course meets Tu and Th 2:00 – 3:50 in 410 PLC.

Graduate Teaching Fellow: The GTF is **Nicholas Wood**. Office: Room 324 PLC.

Office hours: Tu 1-2pm and Th noon-1pm. email: ngw “at” uoregon.edu.

Nicholas will grade the problem sets and will meet the “lab” 4-5pm Tu in PLC 410.

Core Seminar in Macroeconomics, Winter Term

The textbooks for this course are:

David Romer, *Advanced Macroeconomics*, Fourth ed. McGraw-Hill, 2012.

L. Ljungqvist and T. Sargent, *Recursive Macroeconomics*, 3rd edition MIT Press, 2012.

Other readings and lecture notes are used for some topics. Lecture notes will be made available at the conclusion of each topic.

There will be two closed book exams: a midterm and the final, counting 40% and 50% of the grade, respectively. The midterm will be in class on Tuesday February 16, and the final exam is scheduled for Thursday, March 17 at 12:30pm. Seven problem sets will be assigned and together count 10% of the grade.

Course Syllabus and Reading List

1. The Solow growth model.

Romer, Ch. 1.

2. Dynamic optimization in continuous time: Hamiltonians. An application: the q theory of investment.

P. Aghion and P. Howitt, *Endogenous Growth Theory*, Ch. 1 Appendix.
Romer, Ch. 9, Sections 2 to 5.

3. The infinite horizon continuous time optimal growth model (the Ramsey model). Government spending. Surprise and anticipated policy changes.

Romer, Ch. 2A.

4. The overlapping generations model with capital and growth (the Diamond model). Government purchases in the Diamond model.

Romer, Ch. 2B.

5. Dynamic optimization in discrete time: dynamic programming.

L. Ljungqvist and T. J. Sargent, Chapter 3.

6. Asset Pricing. The Lucas asset pricing model. Term structure of interest rates and consumption CAPM.

Class Lectures.

Romer, Ch 8, Section 5.

7. Solving linear stochastic Rational Expectations models. The method of undetermined coefficients. Saddlepoint problems.

Class Lectures.

Ljungqvist and Sargent, Chapter 2, Section 4.

8. Real Business Cycle Models.

Romer, Ch. 5.

Class Lectures.

9. Search and unemployment.

Romer, Ch. 10, Section 6.

Ljungqvist and Sargent, Chapter 6, Sections 6.1 – 6.3.

10. The New Keynesian model. Monetary policy.

Carl E. Walsh, *Monetary Theory and Policy*, Third ed., Chapter 8.

Romer, Ch 7, Section 8

Class Lectures