Syllabus

Subject Objectives: This subject presents recent developments in macroeconomics. There will be a mix of theory and applications. The main theories to be covered may include overlapping generations models, dynamic optimisation, real business cycle theory, intertemporal open economy models and the theory of economic growth. Various theories will be illustrated using examples drawn from domestic and international policy issues, as appropriate.

Prerequisites:

ECON30009 Macroeconomics and ECON30010 Microeconomics or equivalent, and some calculus (see the “Math Review” posted on the LMS).

Contact: Three hours of lectures per week. One hour of tutorials per week. My office hours will be on 11-noon on Thursdays or by appointment. My office is 338 of FBE building.

Tutorials: Tutorials start in the second week of semester. Students should be able to enrol online. The tutors for this course are David Marks and Megha Swami. Their email addresses are d.marks@student.unimelb.edu.au and mswami@student.unimelb.edu.au

Assessment: Four assignments (15 per cent), a group presentation (15 per cent), and a final exam (70 per cent). Assignments can be completed in groups of up to three people.

Textbook: The text for this course will be David Romer’s “Advanced Macroeconomics”, fourth edition. We will be following parts of the textbook quite closely, but also drawing upon journal articles at various stages of the course.

Course Outline

The following provides an overview of the material I expect to cover.

Topic 0: Introduction to Advanced Macroeconomics

Mankiw, “The Macroeconomist as Scientist and Engineer”, link available on LMS under “Texts”


Topic 1: Solow-Swan Model in Continuous Time
Chapter 1 of Romer

**Topic 2: Infinite Horizon Model**

Chapter 2, Part A of Romer

**Topic 3: Introduction to Dynamic Programming**

Class lecture notes

**Topic 4: Overlapping Generations Model**

Chapter 2, Part B of Romer

**Topic 5: Models of Financial Frictions**


**Topic 6: Real Business Cycle Theory**

Chapter 5 of Romer

**Topic 7: Nominal Rigidities and Monetary Economics**

Selected parts of Chapter 6 and 7 of Romer

**Topic 8: Labour Markets**

Chapter 10 of Romer

**Topic 9: Complementarities and Increasing Returns**


**Topic 10: Fiscal and Monetary Policy**

Selected parts from Chapter 11 and 12 of Romer