Syllabus

Subject Objectives

This subject introduces students to core areas of macroeconomics at an advanced level. The course will focus upon economic issues but at a level that is relatively technical, commensurate with a course that is designed for students intending to complete a Phd. The first half of the course will focus upon a detailed study of the macroeconomics of labour markets. The course will begin by covering neoclassical approaches to the labour market before moving on to examining different explanations for the failure of labour markets to be perfectly competitive. The second half of the course will focus upon open economy macroeconomics. Potential topics covered will include the intertemporal approach to current account, exchange rates and the terms of trade, nominal rigidities in open economy models, and models of financial crisis. Throughout the course, emphasis will be placed upon integrating empirical and theoretical work.

Prerequisites

ECON90003 or equivalent.

Contact

Three hours of lecture or tutorial per week. Office hours will be from 2:30-3:30pm on Fridays or by appointment.

Assessment

A 3-hour examination (60 per cent) and assignments (40 per cent). There will be three problem sets for the course (eight per cent) and one referee report (16 per cent).

Textbooks

There is no prescribed textbook for the first half of the course. We will be using selected chapters from books at certain stages, and covering a number of research articles. The recommended text for the second half of the course is:


We will be following sections of this textbook relatively closely in the second half of the course. If you are interested in specialising in macroeconomics, I recommend that you purchase a copy.
1 Course Outline

The following outline is provisional. Certain topics may not be covered due to time constraints and the specific readings may be subject to change.

Labour Markets and the Macroeconomy

**Topic 1:** Neoclassical Theory of Labour Markets


**Topic 2:** Theories of Wages and Wage Rigidity


Truman Bewley. *Why Wages Don’t Fall During a Recession*. Harvard University Press, 1999

**Topic 3:** Search Models of the Labour Market


**Topic 4:** Beveridge Curve and Empirics


**Topic 5:** Structural versus Cyclical Unemployment

* Benedikt Herz and Thijs van Rens. Structural unemployment. Mimeo UPF, July 2011


**Open Economy Macroeconomics**

**Topic 6:** Intertemporal Model and the Current Account


**Topic 7: The Real Exchange Rate and the Terms of Trade**


**Topic 8: Financial Markets and Home Bias**


**Topic 9: Nominal Exchange Rates and Sticky Prices**


* Starred readings are papers that we covered closely in class. Readings without stars, are papers that we have not covered in detail but are left on the syllabus for those interested in further reading. This course outline is only a rough outline and will evolve over time.