

Course Syllabus

Macroeconomic Theory (EC_50400&EC_M5050)

Instructor: *Ming-Jen Chang*, Spring 2024

Professor Office Hours: by appointment

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Lecture: Friday 9:10am- , once two weeks (D220, Humanities I)

Objectives: This course is constructed to familiarize students with the skills of modern macroeconomic theory at the graduate level. Models are developed to explain how growth model, real business cycles, Keynesian theory and microeconomic foundation models are determined.

Prerequisites: ECN 1B or their equivalents. The course does need to use calculus and linear algebra.

Text: *Advanced Macroeconomics, 5th Edition*, David Romer, 2019, New York, NY: McGraw-Hill/Irwin (ISBN 978-1260185218).

Outline of Topics:

Topic 1: The Solow Growth Model (chapter 1)

Topic 2: Infinite-Horizon and Overlapping-Generations Models (chapter 2)

Topic 3: Endogenous Growth (chapter 3)

Topic 4: Real-Business-Cycle Theory (chapter 5)

Topic 5: Nominal Rigidity (chapter 6)

Topic 6: Dynamic Stochastic General-Equilibrium Models of Fluctuations (chapter 7)

Topic 7: Financial Markets and Financial Crises (chapter 10)

Topic 8: Monetary Policy (chapter 12)

Evaluation: The course grade will be based on a group presenting and a midterm exam with a comprehensive final exam [5% participation rate + 30% presenting (a paper each student) + 35% Midterm + 35% Final].

Calendar of Lectures

Feb. 23	x
Mar. 1	topic 1
Mar. 8	x
Mar. 15	topic 2
Mar. 22	x
Mar. 29	topic 3 & Midterm
Apr. 5	no class (spring break)
Apr. 12	x
Apr. 19	x
Apr. 26	topic 4
May 3	topic 5
May 10	x
May 17	topic 6 & presenting
May 24	x
May 31	presenting
Jun. 7	x
Jun. 14	presenting & Final term

Reading list:

[1] Andrade, P., E. Gautier, E. Mengus, 2023, What matters in households' inflation expectations?, *Journal of Monetary Economics* 138, 50-68.

[2] Bianchi, J. 2011, Overborrowing and systemic externalities in the business cycle, *American Economic Review* 101, 3400–3426.

[3] Bianchi, J. and E.G. Mendoza, 2018, Optimal time-consistent macroprudential policy, *Journal of Political Economy* 126, 588–634.

[4] Bordo, M., K. Istrefi, 2023, Perceived FOMC: The making of hawks, doves and swingers, *Journal of Monetary Economics* 136, 125-143.

[5] Caldara, D., F. Ferrante, M. Iacoviello, A. Prestipino, and A. Queralto, 2024, The international spillovers of synchronous monetary tightening, *Journal of Monetary Economics* 141, 127-152.

[6] Chang J.-J., H.-Y. Lin, N. Traum, and S.-C. S. Yang, 2021, Fiscal consolidation

- and public wages, *Journal of Money, Credit and Banking* 53, 503-533.
- [7] Chang, T.-T. and Y. Li, 2021, Banking, liquidity effects, and monetary policy, *Macroeconomic Dynamics*, forthcoming.
- [8] Chen, S., M.B. Devereux, K. Shi, J. Xu, 2023, Consumption heterogeneity and monetary policy in an open economy, *Journal of Monetary Economics* 140, 1-15.
- [9] Chen, B.-L. and S.-Y. Liao, 2018, Durable goods, investment shocks and the comovement problem, *Journal of Money, Credit and Banking* 50, 377-406.
- [10] Cho, D., K.H. Kim, S.J. Kim, 2023, Inefficient international risk-sharing, *Journal of Monetary Economics* 138, 31-49.
- [11] Chu, A.C., G. Cozzi, C.-C. Lai and C.-H. Liao, 2015, Inflation, R&D and growth in an open economy, *Journal of International Economics* 96, 360-374.
- [12] Chu, A.C., C.-C. Lai and C.-H. Liao, 2019, A tale of two growth engines: Interactive effects of monetary policy and intellectual property rights, *Journal of Money, Credit and Banking* 51, 2029-2052.
- [13] Ellisona, M. and N. Rankin. 2007. Optimal monetary policy when lump-sum taxes are unavailable: A reconsideration of the outcomes under commitment and discretion, *Journal of Economic Dynamic & Control* 31, 219–243.
- [14] Farhi, E. and I. Werning, 2016, A theory of macroprudential policies in the presence of nominal rigidities, *Econometrica* 84, 1645–1704.
- [15] Fender, J. and N. Rankin, 2003, A small open economy with staggered wage setting and intertemporal optimization: The basic analytics, *Manchester School* 71, 396–416.
- [16] Gáti, L., 2023, Monetary policy & anchored expectations - An endogenous gain learning model, *Journal of Monetary Economics* 140, S37-S47.
- [17] Hong, G.H., M. Klepacz, E. Pasten, and R. Schoenle, 2023, The real effects of monetary shocks: Evidence from micro pricing moments, *Journal of Monetary Economics* 139, 1-20.
- [18] Lenel, M., M. Piazzesi, and M. Schneider, 2019, The short rate disconnect in a monetary economy, *Journal of Monetary Economics* 106, 59–77.
- [19] Li, Y., G. Rocheteau and P.-O. Weill, 2012, Liquidity and the threat of fraudulent assets, *Journal of Political Economy* 120, 815-846.
- [20] Schmitt-Grohe, S. and M. Uribe, 2017, Is optimal capital control policy countercyclical in open economy models with collateral constraints? *IMF Economic Review* 65, 498–527.
- [21] Shen, W. and S.-C.S. Yang, 2018, Downward nominal wage rigidity and

state-dependent government spending multipliers, *Journal of Monetary Economics* 98, 11-26.

[22] Stein, J.C., 2012, Monetary policy as financial-stability regulation, *Quarterly Journal of Economics* 127, 57–95.

[23] Zhang, C. and S. Zhao, 2023, The macroeconomic announcement premium and information environment, *Journal of Monetary Economics* 139, 55-73.