**Economics 205A**

**Advanced Macroeconomic Theory**

**Introduction:** This first course in the year-long sequence in macroeconomic theory for PhD students concentrates on the analytical techniques and basic frameworks of contemporary macroeconomics. The course will cover the basics of productivity growth, consumption, investment and savings, fiscal policy and asset market equilibrium.

**Requirements:** The course grade will be based on a midterm examination (25%), several problem sets (15%) and a final examination (60%). The purpose of these problem sets is to help you develop analytical tools and will be written to complement the lectures and readings.

**Office Hours:** Wednesdays 1:00-3:00 or by appointment, in Room 461 of Engineering 2.

**Readings:** Much of the required reading for the course is found in


Some additional readings are assigned from


Alternative texts you may find useful are


Reading outside the Wickens text will be available to the class online.

On the reading list below, an asterisk denotes required readings. Additional textbook readings offer alternative explanations of the same material, and the recommended articles are a small offering of references on the subjects covered.
Course Outline

I. General Equilibrium and Economic Growth

1. Command economy and mathematical methods

* Wickens, chapter 2

* Wickens, Mathematical Appendix, chapter 17.1-17.5


2. Economic growth

* Wickens, chapter 3


3. Decentralized economy

* Wickens, chapter 4


II. Fiscal Policy

1. Representative agent economy

* Wickens, sections 5.1-5.6

Ljungqvist and Sargent, chapter 10

2. Optimal taxation; time consistent taxation

*Wickens, sections 5.7-5.8 and chapter 6.2


3. Overlapping generations economy

*Wickens, chapter 6.3

Blanchard and Fischer, sections 3.1-3.2 and section 4.1


III. Uncertainty in the decentralized economy

*Wickens, sections 11.6, 11.8 and 11.9

*Ljungqvist and Sargent, sections 8.1-8.6 and 8.8


IV. Search and matching

*Ljungqvist and Sargent, section 6.3

*Wickens, section 10.3

Ljungqvist and Sargent, sections 6.6, 26.2 and 26.3