



Course Code Advanced Macroeconomics I 4th Module, 2021

Course Information

Instructor:

Office: PHBS Building, Room
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Email: pfwang@phbs.pku.edu.cn
Office Hour: Wednesday 4:00-5:30 or by appointment

Teaching Assistant:

Phone:
Email:

Classes:

Lectures: Tue & Fri 10:30-12:20
Venue: PHBS Building, Room

Course Website:

If any.

1. Course Description

1.1 Context

Course overview:

This is the first course in the graduate sequence in macroeconomics. Its purpose is to introduce the basic models macroeconomists use to study economic growth and fluctuations. Topics include the basic Ramsey–Cass–Koopmans model, overlapping generation model, Romer model, the RBC model or the labour/leisure choice, non-trivial investment decisions, money, price setting, the "new Keynesian" model, monetary policy, and fiscal policy.

Prerequisites:

1.2 Textbooks and Reading Materials

L. Ljungqvist and T. Sargent, Recursive Macroeconomic Theory
D.Romer, Advanced Macroeconomics

2. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment (YES with details or
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		NO)
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	YES
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	YES
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	YES
	2.2. Students will be able to apply leadership theories and related skills.	YES
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	NO
	3.2. Our students will practice ethics in the duration of the program.	YES
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	NO
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	YES
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	YES
	5.3. Our students will demonstrate competency in critical thinking.	YES

2.2 Course specific objectives

Students are expected to be familiar with the basic models in macroeconomics and are expected learn some basic toolkits used in macroeconomists. These models are

- a. dynamic programming and its application in macroeconomics.
- b. Search, Matching, and Unemployment
- c. Ramsey–Cass–Koopmans model and phase diagram
- d. Growth models and growth accounting
- e. RBC model and solution to linear rational expectation models
- f. Multiple equilibrium
- g. Consumption theory and equity premium
- h. New Keynesian model
- i. Shocks and identification
- j. Financial frictions

2.3 Assessment/Grading Details

2.4 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

3. Topics, Teaching and Assessment Schedule

Part 1. Introduction to Macroeconomics (1 week)

1. What is Macroeconomics about?

Romer "Introduction"

2. Macroeconomic facts
3. The revolution of Macroeconomic Theory

Olivier Blanchard, "What do we know about macroeconomics that Fisher and Wicksell did not?" , QJE 115, no.4 (November 2000): 1375-1410

Woodford, M., "Revolution and Evolution in Twentieth-Century Macroeconomics."

N. Gregory Mankiw, "The Macroeconomist as Scientist and Engineer."

V. V. Chari and Patrick J.Kehoe, "Modern Macroeconomics in Practice: How Theory Is Shaping Policy."

Part 2. Dynamic programming (1 week)

4. quick review on Dynamic programming
5. saving problem, Euler's equation, and transversality conditions
6. Markov chain, Kalman Filter, and Search

Part 3. Growth Model and Growth accounting (1.5 week)

7. The neoclassical growth model
8. Ramsey–Cass–Koopmans model
9. Endogenous Growth Model
10. OLG model

Part 4. Real Business Cycles (2.5 weeks)

11. Real Business Cycle Model and extension
12. Indeterminacy and Endogenous Business Cycle

Part 5. Consumption Theory and Investment theory (1.5 weeks)

- 13. Equity Premium, welfare cost of business cycle
- 14. Recursive Utility
- 15. Investment with adjustment costs and Q-theory

Part 6. Money (1.5 weeks)

- 16. MIU, CIA
- 17. Calvo Model
- 18. Liquidity Trap

Assessment Schedule

Homework weekly bases	20%
Midterm Exam:	30%
Final Exam:	50%

4. Miscellaneous