

# EC750.01 MACROECONOMIC THEORY

Fall 2000

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## Reading material and course organization

The three basic sources of information for the course are:

- 1) David Romer (1996), **Advanced Macroeconomics**, McGraw-Hill (DR for short)
- 2) Olivier Jean Blanchard and Stanley Fisher (1989), **Lectures on Macroeconomics**, MIT Press (BF for short)
- 3) Barro, R.J., and X. Sala-I-Martin (1995), **Economic Growth**, New York, McGraw-Hill. (BSM for short)

Romer's book is necessary, but not sufficient. I will supplement it with Blanchard and Fisher. I will also use (sparingly) the Notes and Study Guide to Blanchard and Fisher written by Stephen Cecchetti (SC for short). For the section on growth (in particular endogenous growth) I will use mainly Barro and Sala-I-Martin. Where appropriate I will also direct you to the original papers.

## Course outline

- 1) Trends and Fluctuations in Aggregate Data: The Facts and Some Background.

DR, Chapter 4.8.

BF, Chapter 1.1.

BSM, Chapter 12

2) The Solow Growth Model.

DR, Chapter 1.1-1.7.

BSM, Chapter. 1.

3) The Ramsey Model.

DR, Chapter 2.1-2.9.

BF, Chapter 2.1-2.3.

BSM, Chapter 2

4) The Overlapping Generations Model.

a) The Samuelson Endowment Economy.

SC, Lecture 5.

b) The Diamond Model With Production:.

DR, Chapter 2.10-2.14.

BF, Chapter 3.1-3.3 (excluding intergenerational altruism).

c) Intergenerational Altruism, Social Security and Ricardian Equivalence.

BF, Chapter 3.1, pp. 104-114.

SC, Lecture 7.

5) Endogenous Growth

a) One Sector Models of Endogenous Growth

BSM, Chapter 4

b) Two Sectors Models of Growth

DR, Chapter 3, Part A

BSM, Chapter 5

c) Technological Change: Models with Expanding Variety of Products

BSM, Chapter 6.1

d) Technological Change: Models with Improvements in the Quality of Products.

BSM, Chapter 7

Aghion, P. and P. Howitt (1999) Endogenous Growth Theory, MIT Press, Chapter 2 and 3.

6) Empirical Analysis of Growth Rates

Barro and Sala-I-Martin, Chapter 12

Young, A., The Tyranny of Numbers: Confronting the Statistical Realities of the East Asian Growth Experience , QJE, August 1995, pp. 641-680.

Kremer, M., Population Growth and Technological Change: One Million B.C. To 1990 , QJE, August 1993, pp.681-716.

Jones, C.I., R&D-Based Models of Economic Growth , JPE, vol. 103, n.4, 1995, pp. 759-784.

Mankiw, G., Romer, D., and D.N. Weil, A Contribution to the Empirics of Economic Growth , May 1992, pp. 407-437.

Aghion, P. and P. Howitt (1999) Endogenous Growth Theory, MIT Press,  
Chapter 12 .