

Boston College
Department of Economics
Spring 2004
Monday and Wednesday 10:00 - 12:30
Room: Carney 306

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Office Hours: Monday and Tuesday 1.30 - 3:00

Macroeconomic Theory II

Economics 751.01 A

SYLLABUS

http://www2.bc.edu/lamberlu/ec751/syll_751.html

Course Objective

This is a first-year graduate course in macroeconomic theory. It will focus on dynamic models that aim to explain short run fluctuations, on consumption and investment, whose behaviors are key for short-run fluctuations. The emphasis will be on the competitive equilibrium model of a stochastic economy; we will consider complete markets and use this model as a foundation to study asset pricing, consumption, investment, real business cycle theory and optimal government policies.

Meeting dates and times

We will meet Mondays and Wednesdays, 10-12.30, from January 26 to March 8, 2004; there will be no class on February 16 and February 18, 2004.

Evaluation

Students will be evaluated for this half of the course on a Mid-Term Exam (75% of the total grade) and on Problem Sets (25 % of the total grade). The problem sets will be corrected in a weekly tutorial session lead by a Teaching Assistant. The Mid-Term exam (closed books and in class) will be on March 8, 2004.

Reading Material

There are three basic sources for this course:

1. David Romer, **Advanced Macroeconomics**, McGraw-Hill, 2001 (DR for short)
2. Lars Ljungqvist and Thomas Sargent, **Recursive Macroeconomic Theory**, The MIT Press, 2000 (LS for short)
3. Thomas Sargent, **Dynamic Macroeconomic Theory**, Harvard University Press, 1987 (TS for short).

DR covers a lot of the basic material, but it will be supplemented by LS and other readings and some topics. The syllabus of the class is available on the class web page and on my web page <http://www2.bc.edu/lamberlu/>; some class notes will also be available on my web page.

1 Dynamic Programming

1. Chapter 2 LS
2. Chapter 1 TS

2 Real Business Cycle Theory

1. Chapter 4 DR

3 Competitive Equilibrium with Complete Markets

1. Chapter 7 LS

4 Consumption and Asset Pricing

1. Chapter 7 DR
2. Chapter 10 LS

5 Investment

1. Chapter 8 DR

6 Government Policies

6.1 Optimal Taxation

1. Chapter 12 LS

6.2 Credible Policies (time permitting)

1. Chapter 16 LS