Economics 570 Syllabus

Course Name: Macroeconomic Theory I
Course Number: Econ 570
Course Credits: 4
Prerequisites: Econ 315 or equivalent

Course Content

1. Background on Macroeconomic Issues and Problems
   - History: Keynesian economics, AS – AD, rational expectations
   - The relative importance of business cycles and growth
   - Business cycle facts

2. Tools for Analyzing Macroeconomic Models
   - Hamiltonians and continuous time optimal control
   - Recursive dynamic programming (Bellman’s equations)
   - Linearizing DSGE models
   - Solving Linear rational expectations models

3. Growth (with some fiscal policy)
   - Exogenous growth: The Solow model
   - Exogenous growth: The Ramsey model
   - Exogenous growth: The OG-model
   - Empirical failure of exogenous growth
   - Endogenous growth: Romer’s contributions

4. Real Business Cycles
   - History and basic model
   - Empirical failing of RBC theory
   - The RBC response and revival

5. Endogenous Fluctuations
   - Sunspots, bubbles and self-fulfilling prophesies
   - Chaotic business cycles
   - Non-believers’ admonitions

Student Learning Outcomes

Per university policy, we now specify student learning outcomes for all courses. According to the Office of Academic Programs, student learning outcomes are specific statements indicating an understanding, knowledge, or skill-set that a successful student will have obtained upon the completion of a course.

1. Explain the development and necessity of micro-based macroeconomic theory.
2. Demonstrate the ability to use the tools of dynamic programming to analyze DSGE models.
3. Use models to predict the impact of policy changes on endogenous variables.
4. Characterize and critique modeling assumptions, especially in the context of policy analysis.
Evaluation of Student Performance

There will be a midterm exam and a final exam, each worth 45% of your grade. The final exam will be comprehensive. Homework will be assigned and worth as 10% of your grade. Make up exams are offered only in case of verifiable emergency.

Learning Resources

- **Required Texts**
  - “Recursive Macroeconomic Theory,” Ljungqvist and Sargent.
  - “Advanced Macroeconomics,” Romer.

- **Reference Texts**
  - “Interest and Prices,” Woodford.
  - “Monetary Theory and Policy,” Walsh.

Statement Regarding Students with Disabilities

“Accommodations are collaborative efforts between students, faculty and Services for Students with Disabilities (SSD). Students with accommodations approved through SSD are responsible for contacting the faculty member in charge of the course prior to or during the first week of the term to discuss accommodations. Students who believe they are eligible for accommodations but who have not yet obtained approval through SSD should contact SSD immediately at 737-4098.”

Student Conduct

Students are expected to conduct themselves in a manner consistent with University guidelines: see http://oregonstate.edu/admin/stucon/achon.htm.