

Advanced Macroeconomics--Model Business Cycle Theory

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Instructor: Pengfei Wang

Department of Economics, HKUST

Email: pfwang@ust.hk

Course Description:

This is a very intensive advanced macroeconomics course. It covers the basic core of modern macroeconomic theory, the development and applications of Dynamic stochastic general equilibrium models in just one week. Hence the students are highly recommended to read the course materials **BEFORE** and **AFTER EACH** class. This course is suitable for all students with **STRONG** interests in macroeconomics.

Textbooks:

There is no required Textbook, but for some of issues the students can refer to

- D. Romer', Advanced Macroeconomics
- L. Ljungqvist and T. Sargent, Recursive Macroeconomic Theory, (optional).

Course Outline:

Part 1. Introduction (0.5 class)

- The Revolution of Macroeconomic Theory
 1. Olivier Blanchard, "What do we know about macroeconomics that Fisher and Wicksell did not?" , QJE 115, no.4 (November 2000): 1375-1410
 2. V. V. Chari and Patrick J.Kehoe, "Modern Macroeconomics in Practice: How Theory Is Shaping Policy."

Part 2. The Canonical Real Business Cycle Theory (2.5 classes)

- The Standard RBC Model
- Lecture note on Calibration, log-linearization, and solution methods.
- Models with Money , Habit and other frictions

Part 3. Some Recent Developments (1 classes)

- Nominal Price Rigidities

Reading lists

- R. King, S. Rebelo, and C. Plosser, “Production, growth, and the business cycle,” JME 21 (1988), 195-232.
- [Edward C. Prescott](#) (1986), “Theory ahead of business cycle measurement”.
- Thomas F. Cooley and Gary D. Hansen , The Inflation Tax in a Real Business Cycle Model Author(s), The American Economic Review, Vol. 79, No. 4 (Sep., 1989), pp. 733-748.
- Richard Clarida, Jordi Galí, and Mark Gertler¹ (1999), “The Science of Monetary Policy:A New Keynesian Perspective”, Journal of Economic Literature , Vol. XXXVII (December 1999), pp. 1661–1707