

ECONOMICS 202A

Main Textbook: David Romer, *Advanced Macroeconomics*, Third Edition (New York: McGraw-Hill, 2005).

GSIs and Instructor Office Hours: Lorenz Küng (first half), Wednesdays, 8 – 9 a.m. 608-5 Evans; Oleksa Shvets (second half), Wednesdays, 8 – 9 a.m., 508-5 Evans; Obstfeld, Wednesdays, 11:30 a.m. – 12:30 pm., 699 Evans; or by appointment.

READING LIST

I. Long-Run Growth: The Solow Model and Growth Accounting

David Romer, Third Edition, Chapter 1.

Robert E. Hall and Charles I. Jones, “Why Do Some Countries Produce So Much More Output per Worker than Others?” *Quarterly Journal of Economics*, February 1999, pp. 83-116.

Maurice Obstfeld and Kenneth Rogoff, *Foundations of International Macroeconomics* (Cambridge: MIT Press, 1996), pp. 430-440.

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Robert M. Solow, “A Contribution to the Theory of Economic Growth,” *Quarterly Journal of Economics*, February 1956, pp. 65-94.

II. Long-Run Growth: The Ramsey-Cass-Koopmans Model

David Romer, Third Edition, Chapter 2, Part A.

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Maurice Obstfeld and Kenneth Rogoff, *Foundations of International Macroeconomics* (Cambridge: MIT Press, 1996), pp. 440-445.

III. Overlapping Generations: Growth, Dynamic Efficiency, and Public Debt

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Andrew B. Abel, N. Gregory Mankiw, Lawrence H. Summers, and Richard J. Zeckhauser, "Assessing Dynamic Efficiency: Theory and Evidence," *Review of Economic Studies*, January 1989, pp. 1-19.

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Maurice Obstfeld and Kenneth Rogoff, *Foundations of International Macroeconomics* (Cambridge: MIT Press, 1996), pp. 445-448.

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Jean Tirole, "Asset Bubbles and Overlapping Generations," *Econometrica*, November 1985, pp. 1499-1528.

IV. Long-Run Growth: Endogenous Growth Theory

David Romer, Third Edition, Chapter 3, Part A.

Charles I. Jones, "Growth and Ideas," in *Handbook of Economic Growth*, Volume 1B, edited by Philippe Aghion and Steven Durlauf (Amsterdam: Elsevier, 2005), pp. 1063-1111.

Michael Kremer, "Population Growth and Technical Change: One Million B.C. to 1990," *Quarterly Journal of Economics*, August 1993, pp. 681-716.

Robert E. Lucas, Jr., "On the Mechanics of Economic Development," *Journal of Monetary Economics*, July 1988, pp. 3-42.

Maurice Obstfeld and Kenneth Rogoff, *Foundations of International Macroeconomics* (Cambridge: MIT Press, 1996), pp. 473-496.

Paul M. Romer, "Endogenous Technical Change," *Journal of Political Economy*, October 1990 (Part 2), pp. S71-S102.

V. Consumption

David Romer, Third Edition, Chapter 7, "Consumption," Sections 7.1-7.4, and 7.6, pp. 346-365 and pp. 370-385.

George-Marios Angeletos, David Laibson, Andrea Repetto, Jeremy Tobacman, and Steven Weinberg, "The Hyperbolic Consumption Model: Calibration, Simulation, and Empirical Evaluation," *Journal of Economic Perspectives*, Summer 2001, pp. 47-68.

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Milton Friedman, *A Theory of The Consumption Function* (Princeton: Princeton University Press, 1957), Chapters I, II, and III, pp. 3-37.

David Gross and Nicholas Souleles, "Do Liquidity Constraints and Interest Rates Matter for Consumer Behavior? Evidence from Credit Card Data," *Quarterly Journal of Economics*, February 2002, pp. 149-185.

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Chang-Tai Hsieh, "Do Consumers React to Anticipated Income Changes? Evidence from the Alaska Permanent Fund," *American Economic Review*, March 2003, pp. 397-405.

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Lars Ljungqvist and Thomas J. Sargent, *Recursive Macroeconomic Theory*, Second Edition (Cambridge: MIT Press, 2004), Chapter 3 and pp. 109-118.

VI. The Stock Market

David Romer, Third Edition, Chapter 7, Sections 7.5, "Consumption and Risky Assets," pp. 366-370.

John Campbell and Robert Shiller, "Cointegration and Tests of Present Value Models," *Journal of Political Economy*, October 1987, pp. 1062-1088.

J. Bradford DeLong, Andrei Shleifer, Lawrence H. Summers, and Robert J. Waldmann, "Noise Trader Risk in Financial Markets," *Journal of Political Economy*, August 1990, pp. 703-738.

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VII. Investment, Financial Markets, and Financial Frictions

David Romer, Third Edition, Chapter 8, "Investment."

Franklin Allen and Douglas Gale, "Bubbles and Crises," *Economic Journal*, January 2000, pp. 1-20.

Ben Bernanke and Mark Gertler, "Financial Fragility and Economic Performance," *Quarterly Journal of Economics*, February 1990, pp. 87-114.

Jason Cummins, Kevin Hassett, and Glenn Hubbard, "A Reconsideration of Investment Behavior Using Tax Reforms as Natural Experiments," *Brookings Papers on Economic Activity*, 1994:2, pp. 75-138.

Michael C. Jensen and William H. Meckling, "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure," *Journal of Financial Economics*, October 1976, pp.305-360.

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Andrei Shleifer and Robert Vishny, "The Limits of Arbitrage," *Journal of Finance*, March 1997, pp. 35-55.

Joseph E. Stiglitz and Andrew Weiss, "Credit Rationing in Markets with Imperfect Information," *American Economic Review*, June 1981, pp. 393-410.

Jean Tirole, *The Theory of Corporate Finance* (Princeton: Princeton University Press, 2006).

VIII. Monetary Policy and the Central Bank

A. Money, Inflation, and Deflation

David Romer, Third Edition, Chapter 10, "Inflation and Monetary Policy."

Alberto Alesina and Lawrence H. Summers, "Central Bank Independence and Macroeconomic Performance: Some Comparative Evidence," *Journal of Money, Credit and Banking*, May 1993, pp. 151-162.

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- Robert Barro and David Gordon, "A Positive Theory of Monetary Policy in a Natural Rate Model," *Journal of Political Economy*, August 1983, pp. 589-610.
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- Kenneth Rogoff, "Globalization and Global Disinflation," in *Monetary Policy and Uncertainty: Adapting to a Changing Economy* (Kansas City, MO: Federal Reserve Bank of Kansas City, 2003), pp. 77-112. Available at: <http://www.kc.frb.org/PUBLICAT/SYMPOS/2003/pdf/Rogoff2003.pdf>
- Thomas J. Sargent and Neil Wallace, "Some Unpleasant Monetarist Arithmetic," *Federal Reserve Bank of Minneapolis Quarterly Review*, Fall 1981, pp. 1-17. Available at: http://www.minneapolisfed.org/research/common/pub_detail.cfm?pb_autonum_id=151
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B. Banking and Financial Instability

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IX. International Economics

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Maurice Obstfeld and Kenneth Rogoff, "The Unsustainable U.S. Current Account Position Revisited," in *G7 Current Account Imbalances*, edited by Richard Clarida (Chicago: University of Chicago Press, 2007), pp. 339-366.

X. Nature of Unemployment and Theories of Unemployment

David Romer, Third Edition, Chapter 6, Section 6.7, "Coordination Failure Models and Real Walrasian Theories," pp. 303-309 and Chapter 9, Sections 9.5-9.8, pp. 460-481.

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