

**ECONOMICS 502
MACROECONOMIC ANALYSIS I**

ORGANIZATION

Times/location: TTh 1:30-2:50pm/Savery 131
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Course webpage: <http://courses.washington.edu/econ502/>
Office Hours: Th 4-5pm, or by appointment.

Teaching Assistant: David Grinder (grindedr@u.washington.edu)

COURSE OBJECTIVE

This is the first part of a three-course sequence on macroeconomic theory. The goal of this course is to introduce students to the basic frameworks of contemporary macroeconomics and equip them with relevant analytical techniques for understanding advanced macroeconomic research. The course will provide a brief review of aggregate demand/supply, and move on to the monetary theory of business cycles, dynamics of price adjustments, dynamic programming techniques, consumption theories, and basic dynamic stochastic general equilibrium techniques. This course is designed for first-year graduate students in the Economics Department (others with sufficient preparation may register only with the permission of the instructors.)

TEXTBOOKS

The course draws from journal articles and sections of various textbooks as specified in the Reading List (see course website). However, the following standard textbooks are recommended for purchase as they provide good coverage of the relevant topics:

- Romer, D., *Advanced Macroeconomics*, 3rd edition, McGraw-Hill, 2005.
- DeJong and Dave, *Structural Macroeconometrics*, Princeton University Press, 2007

Additional material will be made available through the course website.

GRADING POLICY

Course grades will be based on weekly problem sets (30%), a midterm (30%), and a final take-home exam (40%). The midterm is scheduled on November 10. You are encouraged to form study groups for this class. You may work together on the homework but must hand in individual write-ups.

COURSE SCHEDULE

* Course schedule will be posted on the course website. Please check it regularly for up-to-date schedule and assignments.

LIST OF TOPICS

The following outline provides a guide to the material that will be covered in the course. Please refer to the course website for details as well as the reading list.

I. REVIEW AND INTRODUCTION

- A. Aggregate Demand
- B. Aggregate Supply, Expectations, and Micro-foundations

II. MONETARY THEORIES OF THE BUSINESS CYCLE

- A. Overview
- B. Imperfect-Information Models
- C. Contracting Models
- D. Menu-Cost Models
- E. Efficiency Wage Theory

III. DYNAMIC MODELS OF PRICE ADJUSTMENT

- A. State-Contingent Models
- B. Time-Contingent Models

IV. CONSUMPTION

- A. Dynamic Programming
- B. Modern Consumption Models
- C. Asset Pricing and Consumption

V. DYNAMIC STOCHASTIC GENERAL EQUILIBRIUM MODELS

- A. Real Business Cycle models
- B. New Keynesian models