

In the Name of Allah
Sharif University of Technology
Department of Economics
Macroeconomics 1- Spring 2022

Instructor: Seyed Ali Madanizadeh

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Sessions: Sun and Tue 9:30-11:00

TAs: Mr. Mahmoodi and Ms. Hoseini and Ms. Sharif

Description

The course is the first course in Intermediate Macroeconomics. It is centered on five main topics:

1) Introduction to Macroeconomics, 2) Economic Growth and Development, 3) Monetary Economics, 4) Business Cycles and short term macroeconomic analysis and 5) Open economy.

Prerequisites

Microeconomics 1

References: (* are mandatory based on the reading list below)

1. * [R] Romer, D., (2019), *Advanced Macroeconomics*, McGraw Hill. (R), Fifth Edition
2. * [K] Kurlat, (2020), *A Course in Modern Macroeconomics*
3. * [M] Mishkin: *The Economics of Money, Banking and Financial markets*, 9th Edition (Chapters 19-24)
4. * [DLS] Doepke, Lehnert, Sellgren (DLS): *Macroeconomics* (Chapters 1-11)
5. Wickens, M., *Macroeconomic Theory A Dynamic General Equilibrium Approach*.
6. [B] Barro: *Inermediate Macro* (Chapters 1-11, 15-19)
7. [A] Acemoglu, *Economic Growth*
8. [N] مباحثی از اقتصاد کلان پیشرفته، دکتر مسعود نیلی
9. [Mw] Mankiw: *Macroeconomics*, Seventh Edition
10. [GLS] Garin, Lester and Sims, (2018) *Intermediate Macroeconomics*
11. [BF] Blanchard and Fisher, 'Lectures on Macroeconomics' (BF)

Course Website: <http://gsme.sharif.edu/~madanizadeh/Files/macro1>

Course Channel: <https://ble.ir/macro1>

Course location: <https://vc.sharif.edu/ch/madanizadeh>

Grading:

Problem sets: 40%

Quiz: 5%

Midterm: 15%

Final exam: 25%

Final Project: 15%

Class Activity 5%

Exam:

We have a Take-Home midterm exam on 1401/02/08 at 9:00 and a Take-Home final exam based on the University calendar. Exams consist of problems similar to your problem sets which include the readings as well.

Quizzes are every 3 weeks from the readings of the related weeks.

Project:

TO BE ANNOUNCED LATER

Problem Sets:

- *We Hand in problem sets on Thursdays and they're due right before class, the next Tuesday.*
- *You should work in groups of size at most three. You should collaborate on the problem sets, readings, ... but every person should submit his/her own work.*

- You should use the “**Honor Code**” file as the cover letter with your signature for each homework.
- No copying permitted! In case of copying, both persons get zero for the whole problem set. The next time, the whole score of the course would be zero or you should drop.
- No extensions! In case of truly exceptional emergency issues, you must inform me with a valid explanation before the deadline.
- You can drop one problem set.
- If you want your problem sets re-graded, you must make your request to your TA within one week upon the return of your problem set.
- All the graphs in the problem sets should be plotted by the computer.
- Homeworks should be very neat and clean. Your final answers should be in boxes. Otherwise they would be rejected.

Teaching Assistants:

Your TAs will have weekly TA sessions and will go over the previous problem set in addition to solving some sample problems that help you to better understand the course and prepare you to solve the currently assigned problem sets. Attending these sessions is extremely recommended; otherwise you lose a lot of concepts and technical skills since they’re complementary to the class materials. Additionally, the TAs are holding weekly office hours to answer your questions. Take advantage of these hours to resolve any problems you might have with the materials or problem sets.

Communication:

We post the materials and the announcements on the course website and on our Channel. Also, we email you the important announcements. Please, frequently check the channel, your emails and the course website for any upcoming events.

Course Syllabus, Schedule and reference list:

Week	Date	Subject	Topic	Kurlat	Other
1		Introduction	Introduction	1,2	
			What do we do in economics?		
2		Micro Foundation	Micro vs Macro: General Equilibrium and Edgworth Box	9	
			Production Possibility Frontier and TFP	3	
3			Robinson Crusoe: Labor and Leisure in Centralized Economy	7	
			Robinson Crusoe: Labor and Leisure in a Decentralized Economy – Representative Agent	7	
4			Consumption-Saving and the two-periods Models	6	
			Permanent Income Hypothesis	6	
5			Investment	8	
			Infinite Period model	9	
6		Economic Growth	Facts	3	[A]: 1
			Solow Model	4,5	
7			Neoclassical Growth Model		[N]
			Neoclassical Growth Model		[N]
8		Money and Inflation	What is money?	10	[M]:19
			Facts	10	[M]:20
9			Demand for money (Bamoul-Tobin)	10	[M]:21
			Money Market Equilibrium	11	[M]:22

10			General Equilibrium with Money/ Cagan Equation		[M]:23
			Rational Expectations		[M]:24
11		Business Cycles	Facts	12	
			Real Business cycles (IS, LM, AD, LRAS)	13	
12			The NewKeynesian model (IS, LM, AD, AS)	13	
			Imperfect information and AS	15	
13		Macroeconomic Analysis	Shocks analysis	14	
			Fiscal and monetary shocks	15	
14			Moneytary policy Regimes	15	
		Open Economy	PPP, UIP, International Finance Trilemma		[B]:18,19
15			Exchange rate determination		
			Exchange rate overshooting		

Papers to read:

Papers of type 1 are required to be read completely and be summarized in 1000 words.

Papers of type 2 are required to be skimmed and the introduction should be read completely and be summarized in 400 words.

Papers of type 3 are optional but strongly recommended.

Topic	Week	Type	Papers
Introduction	1	1	* <i>Friedman, 1966, The Methodology of Positive Economics</i>
	1	1	<i>Uhlig, Harald, 2010, Economics and Reality, pages 1-7</i>
Microfoundations	2	1	<i>The Ponzi Legacy</i>
	2	1	* <i>Hall and Jones, 1999, Why do some countries produce more output per worker than others</i>
	3	1	* <i>Acemoglu, 2010, Theory, General Equilibrium and Political Economy in Development Economics</i>
	4	2	<i>Hall, Stochastic Implications of the Life Cycle-Permanent Income Hypothesis</i>
	4	2	<i>Parente and Prescott, 1994, Barriers to Technology Adoption and Development</i>
	4	2	<i>Parente and Prescott, 1999, Monopoly Rights, a Barrier to Riches</i>
Growth (Solow)	5	1	<i>Mankiw, Romer, Weil, 1992. 'A contribution to the empirics of Economic Growth'</i>
	5	1	<i>Barro 1991, 'Economic growth in a cross-section of countries'</i>
	6	1	<i>Fisher, 2003, The role of macroeconomic factors in growth</i>
	6	2	<i>Johnson and Papageorgiou, 2018, What Remains of Cross-Country Convergence</i>
	6	3	<i>Rodrick, 2009, "Diagnostics Before Prescription"</i>
	7	3	<i>Rodrick, "Growth Strategies"</i>
	7	2	<i>Lucas, 1993, Making a miracle</i>
	7	3	<i>Post-Scarcity Prophet : Interview by Paul Romer on growth</i>
	7	3	<i>The Economic Legacy of Mrs Thatcher</i>
Money	8	3	<i>Fiat Money History in the US</i>
	8	1	<i>Benati 2007, "Long-Run Evidence on Money Growth and Inflation"</i>
	8	1	<i>Benati - U.K. Monetary Regimes and Macroeconomic Stylised Facts</i>

	8	3	<i>Teles Zhou 2005 A stable money demand Looking for the right Monetary Aggregate</i>
	9	2	<i>Uhlig and Teles, 2013, Is Quantity Theory Still Alive?</i>
	9	1	<i>* Friedman, Milton, 1968. 'The Role of Monetary Policy.' American Economic Review 58 (March) pp. 1-17.</i>
	10	1	<i>Lucas, Robert, 1996, 'Nobel Lecture: Monetary Neutrality'. The Journal of Political Economy, Vol. 104, No. 4. (Aug., 1996), pp. 661-682.</i>
	10	1	<i>Lucas, (2000), Inflation and Welfare, pages 1-6</i>
	11	1	<i>* Sargent, Thomas, 1981, The Ends of Four Big Inflations.</i>
	11	2	<i>Some Evidence on the Importance of Sticky Prices by Bills and klenow, 2004</i>
	12	1	<i>McCandless, Weber 1995, Some monetary facts.</i>
	12	3	http://www.youtube.com/watch?v=b1dTWDNKH3c&list=PL388DC41A2564355A
	12	3	http://www.youtube.com/watch?feature=player_embedded&v=YgxPyabmOrU#!
	13	3	http://www.youtube.com/watch?feature=player_embedded&v=6W_9I0nk8ul#!
	13	3	http://www.youtube.com/watch?feature=player_embedded&v=THAalZmxfNA#!
	13	3	http://www.youtube.com/watch?feature=player_embedded&v=8hlpDxdbj5w#!
Business Cycles	13	1	<i>Plosser, 1989, Understanding Real Business Cycles</i>
Open Economy	14	1	<i>Learning from Argentina's Crisis</i>
	14	1	<i>* Obstfeld and Rogoff, 1995, The Mirage of Fixed Exchange Rates</i>
	14	2	<i>Dornbusch, 1976. 'Expectations and Exchange Rate Dynamics.' Journal of Political Economy</i>
	15	3	<i>Rogoff 2002, Dornbusch's Overshooting model after 25 years</i>
	15	1	<i>* Blanchard, 2000, What Do We Know about Macroeconomics that Fisher and Wicksell did not.</i>