

In the Name of Allah
Sharif University of Technology
Graduate School of Management and Economics
Macroeconomics 2- Fall 2023

Instructor: Seyed Ali Madanizadeh

Sessions: Sat and Mon 11:00-12:30

E-mail: madanizadeh AT sharif DOT edu

Description

The course is the second master level course in Macroeconomics. It is centered on four main topics: *Business cycles, Fiscal policy, Monetary Policy, and Advanced Economic Growth.*

Class Goals

By the end of this class, we hope you are able to

- Analyze long-run and short-run macroeconomic problems
- Use simple models to analyze macroeconomic policies
- Write and present suitably your macroeconomic analysis
- Solve standard macroeconomic mathematical problems

Prerequisites

Macroeconomics 1.

Textbooks:

Required:

1. *Garin, Lester, Sims, (2019) Intermediate Macroeconomics*
2. *مباحثی از اقتصاد کلان پیشرفته، دکتر مسعود نیلی*
3. *Romer, D., (2019) Advanced Macroeconomics.*
4. *Barro, R. J, (2012) Intermediate MACRO -> Barro*
5. *Doepke, Lehnert, Sellgren, (1999) Macroeconomics ->DLS*

Complementary:

1. *MM -> طراحی و کالیبراسیون مدل‌های تعادل عمومی پویا برای اقتصاد ایران، مهران ابراهیمیان و سید علی مندی زاده*
2. *Blanchard, O., and S. Fischer, (1989) Lectures on Macroeconomics.*
3. *Walsh, C., (2010) Monetary Theory and Policy.*
4. *Acemoglu, D., (2007) Introduction to Modern Growth Theory*

I will assign the parts of the reading to be read during the semester and also will assign additional articles, video, and handouts throughout the semester; and I post them on the course website. These materials will contain one part of the exams, unless explicitly marked as optional.

Course Links

Location: <https://vc.sharif.edu/ch/madanizadeh>

Website: <http://gsme.sharif.edu/~madanizadeh/Files/macro2>

Communication: <https://ble.ir/macro2>

Administrative issues

Grading:

Problem sets:	30%
Midterm exam:	20%
Final exam:	25%
Final project:	15%
Quiz:	10%
Class Activity:	5%

Problem Sets:

- Summaries of the papers are due Saturdays 8AM.
- We Hand in problem sets on Thursdays and they're due right before class, the next Monday by 11AM before class.
- Due to "Honor Code", under no circumstances, you can use solutions from your friends or from last years' available ones. It is absolutely prohibited.
- You should work in groups of size two or three. You can/should collaborate on the problem sets, readings ... but every person should submit his/her own work.
- Deadline to submit your group name is the end of the first week.
- No copying permitted! In case of copying, both persons get zero for the whole problem set.
- No extensions! In case of truly exceptional emergency issues, you must inform the instructor with a valid explanation before the deadline.
- You can drop one problem set. But remember to learn the dropped one!
- If you want your problem sets re-graded, you should 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're subject to redoing in one day with 20% penalty.
- HWs and similar problems would be solved during TA sessions.

Exams and the project:

We have a midterm exam on 1402/08/25 from 9:00AM. Final exam is set by the University. Exams will consist of problems similar to your problem sets and questions from the articles.

Quizzes are held in TA sessions and are held in weeks 3,6,10,13.

There would be a final project for the course as well which tries to wrap up most of your knowledge and skills in this course. It's a programming project so be prepared.

Teaching Assistant:

Your TAs will have weekly TA sessions and will go over sample problems that help you to better understand the course and prepare you to solve the currently assigned problem sets. They would also give you guidance for the 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 channel. Also we email you the announcements. Please, frequently check your emails and the course website or channel for any upcoming events.

Topics:

- Introduction
- Ramsey Model
 - Centralized Economy
 - Decentralized Economy and the General Equilibrium Model
- Endogenous Growth models
 - Human Capital (Lucas 1988)
 - R&D (Romer 1990)
 - Government Expenditures (Barro Gordon)
- Short-term Analysis
 - Real Business Cycle Model
 - Dynamic Stochastic General Equilibrium Model
 - Log-linearization
 - Calibration and Estimation of models
- Government and the Fiscal Policy
 - Role of Government
 - Taxation
 - Non distortionary taxes
 - Distortionary taxes: VAT, Income tax, capital gain tax and sales tax
 - Social security taxes and the Overlapping Generations Model
 - Government Debt
 - Ricardian equivalence and Public debt stability
 - Optimal Fiscal policy
 - Seigniorage
 - Money, inflation and the budget deficit
 - Discretion vs. Rule and the Central Bank Independence
 - Policy Time-Inconsistency
 - Central banking and monetary economics
 - Money Demand

- MIU
- CIA
- Monetary policy
 - Monetary policy regimes,
 - Inflation Targeting and the Taylor Rule
- New-Keynesian model and the price rigidities
- New topics on Monetary Policy
 - Zero Lower Bound, unconventional monetary policy and Quantitative Easing policy
 - Inequality, inflation and monetary policy
- Open Economy
 - Exchange rates, PPP and IRP
 - General equilibrium and the open economy