

Econ 9453 Advanced Macroeconomic Theory I

Fall 2009

TR 2:00 pm - 3:15 pm

Location: ARTS & SCIENCE BLDG 103

Instructor: Chao Gu

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Office hour: TR 3:30 pm – 5:00 pm

The purpose of this course is to further develop one's understanding of the modern theories in macroeconomics. We will learn dynamic models that are developed to study aggregate economic behavior. Meanwhile, I will familiarize you with the tools (workhorses) that are commonly used in modern macroeconomics.

Reference book:

Recursive Macroeconomic Theory (RMT) by Lars Ljungqvist and Thomas Sargent,
Dynamic Macroeconomic Theory (DMT) by Thomas Sargent, 1987, Harvard University Press

Course Requirement:

There will be two midterms (25% each) and a final exam (50%). Problem sets will be assigned periodically. Although problem sets are not part of your grade, you are urged to complete each of them as they are essential to preparing for the class exams.

Exam Schedule:

First midterm: Tuesday, September 22, 2009, in class.

Second midterm: Thursday, October 29, 2009, in class.

Final: Friday, December 11, 2009, 1:00 pm – 3:00 pm

Make-up Policy:

Make-up exams will generally not be given. A request for alternative arrangements must be in writing and must be accompanied by appropriate documentation for not taking the scheduled exam.

Important Dates to remember:

September 28, 2009: Last day to drop course without a grade

November 2, 2009: Last day to withdraw from a course

Course Blackboard:

There is a course blackboard to support the class (<http://blackboard.missouri.edu>). Course information, extra practice materials and announcements can be found on the course blackboard. You may also check your grades on the course blackboard site.

Course Outline:

1. Review: A simple static model of general equilibrium.
Lecture notes. To be distributed.
2. Intertemporal optimization.
Lecture notes. To be distributed.
3. Overlapping generation models.
RMT Ch.8, DMT Ch. 7
Samuelson, P. 1958. "An Exact Consumption-Loan Model of Interest with or without the Social Contrivance of Money," *Journal of Political Economy* 66(6), 467-482.
Shell, K. 1971. "Notes on the Economics of Infinity," *Journal of Political Economy* 79(5), 1002-1011.
Diamond, P. 1965. "National Debt in a Neoclassical Growth Model," *American Economic Review* 55, 1126-1150.
4. Dynamic programming—deterministic economy
RMT Ch. 2, DMT Ch. 1
5. A review of decision making under uncertainty.
6. Dynamic programming—stochastic economy
RMT Ch. 2, DMT Ch. 1
7. Asset pricing
DMT Ch. 3, RMT Ch. 10
Lucas, R. 1978. "Asset Prices in an Exchange Economy", *Econometrica* 46, 1426-1445.
Mehra, R. and Prescott E. 1985. "The Equity Premium: A Puzzle", *Journal of Monetary Economics* 15, 145-162.
8. Search
DMT Ch. 2, RMT Ch. 6
McCall, J. 1970. "Economics of Information and Job Search," *Quarterly Journal of Economics* 84, 113-126.

Academic Honesty:

Academic integrity is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards breaches of the academic integrity rules as extremely serious matters. Sanctions for such a breach may include academic sanctions from the instructor, including failing the course for any violation, to disciplinary sanctions ranging from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, collaboration, or any other form of cheating, consult the course instructor.

Academic Dishonesty includes but is not necessarily limited to the following:

- A. Cheating or knowingly assisting another student in committing an act of cheating or other academic dishonesty.
- B. Plagiarism which includes but is not necessarily limited to submitting examinations, themes, reports, drawings, laboratory notes, or other material as one's own work when such work has been prepared by another person or copied from another person.
- C. Unauthorized possession of examinations or reserve library materials, or laboratory materials or experiments, or any other similar actions.
- D. Unauthorized changing of grades or markings on an examination or in an instructor's grade book or such change of any grade report.

Academic Integrity Pledge: *"I strive to uphold the University values of respect, responsibility, discovery, and excellence. On my honor, I pledge that I have neither given nor received unauthorized assistance on this work."* Students are expected to adhere to this pledge on all graded work whether or not they are explicitly asked in advance to do so.

The University has specific academic dishonesty administrative [procedures](#). Although policy states that cases of academic dishonesty must be reported to the Office of the Provost for possible action, the instructor may assign a failing grade for the assignment or a failing grade for the course, or may adjust the grade as deemed appropriate. The instructor also may require the student to repeat the assignment or to perform additional assignments. In instances where academic integrity is in question, faculty, staff and students should refer to [Article VI of the Faculty Handbook](#). Article VI is also available in the [M-Book](#). Article VI provides further information regarding the process by which violations are handled and sets forth a standard of excellence in our community.

ADA Statement (from Office of the Provost):

If you need accommodations because of a disability, if you have emergency medical information to share with me, or if you need special arrangements in case the building must be evacuated, please inform me immediately. Please see me privately after class, or at my office.

To request academic accommodations (for example, a note taker or extended time on exams), students must also register with the Office of Disability Services (<http://disabilityservices.missouri.edu>), S5 Memorial Union, 882-4696. It is the campus office responsible for reviewing documentation provided by students requesting academic accommodations, and for accommodations planning in cooperation with students and instructors, as needed and consistent with course requirements. Another resource, MU's Adaptive Computing Technology Center, 884-2828, is available to provide computing assistance to students with disabilities. For other MU resources for students with disabilities, click on "Disability Resources" on the MU homepage.

The department of Economics Exam accommodation procedure for Students with Disabilities:

1. A disabled student who wants accommodations for an exam in Economics course must present the course instructor with a Letter of Accommodation from the Office of Disability Services (ODS) that documents the accommodations the student is entitled to receive. This should be done as early in the semester as possible.
2. For each accommodated exam, the student should bring the course instructor an Adaptive Examination Request Form from ODS. The course instructor is not required to accept such a request unless the student has first provided you with a Letter of Accommodation. ODS policies require that this form be provided to you at least 7 business days in advance for hourly examinations and by Thanksgiving Break (Spring Break) for fall (spring) final examinations.
3. The student section of the form must be properly filled out (including consistency with the Letter of Accommodation regarding the accommodations) and signed by the student. The course instructor must fill out the instructor portion including a note in the SPECIAL INSTRUCTIONS box and sign the form.
4. The white and pink copies of the form are given back to the student and the student must submit the white copy to ODS.

Intellectual Pluralism:

The University community welcomes intellectual diversity and respects student rights. Students who have questions concerning the quality of instruction in this class may address concerns to either the Departmental Chair or Divisional leader or Director of the [Office of Students Rights and Responsibilities](http://osrr.missouri.edu/) (<http://osrr.missouri.edu/>). All students will have the opportunity to submit an anonymous evaluation of the instructor(s) at the end of the course.