Contact Info

Office: Room 403, 270 Bay State Road
Office hours: Tuesday 3:30 - 4:30, Wednesday 10-11 and by appointment
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Overview

The main goal for this section of the class is to learn the analytical tools used by macroeconomists. Ultimately, we will use the tools to develop an understanding of the stochastic neoclassical growth model, which is one of the foundations of modern macroeconomics.

Meeting time and location

Location: CAS 237
Times: Tuesday and Thursday 2:00 - 3:30
with Hyosung Kwon
Location: MET B02B
Time: Friday 10:30 - 12:00

Coursework and grading

Problem sets (20%), 1 Midterm (80%). These grades will then be averaged with those of the second half to determine the course grade. Problem sets may be done in groups, but everyone should actively work on them and write them up separately.

Course Website

Course materials, including notes and problem sets, will be available on the course website on Blackboard.

Readings and Books

Your goal should be to learn the tools not to master the literature and you should keep this in mind when you read. Most readings will be available online either through a service such as JSTOR or in the course site on Blackboard. The two most important books/manuscripts are a set of lecture notes written by Per Krusell, which are available on Blackboard, and the textbook Introduction to Modern Economic Growth by Daron Acemoglu. If you wish to buy the Acemoglu book, you can find large discounts online [chapters 1, 2, and 5 are available as PDFs on the Princeton University Press website].

Topics

References marked with a * are likely to be the most useful for you.
Solow growth model and motivation

* Krusell chapter 2
  • Acemoglu chapter 2

Consumption under certainty

* Krusell chapter 3
  • Acemoglu chapter 6 (through section 6.7)
  • Stokey, Lucas and Prescott chapters 3 and 4

Neoclassical growth model

* Krusell chapter 4
  * Acemoglu chapter 5 (sections 5.1 - 5.5 and 5.9)

Competitive equilibria and welfare theorems

* Krusell chapter 5
  * Acemoglu section 5.6

Uncertainty

* Krusell chapter 6 (through 6.3.1)
  * Chapter 8 in Recursive Macroeconomic Theory (2004) by Ljungqvist and Sargent chapter 8 [on reserve at Mugar].

Stochastic neoclassical growth model

* Chapter 2 in Structural Macroeconometrics (2007) by DeJong and Dave [on reserve at Mugar].