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**Text:** David Romer, Advanced Macroeconomics, 3rd Edition.  
and articles listed below

**Requirements:**

*One midterm examination. THERE WILL BE NO MAKE-UP OR ALTERNATIVE EXAMINATION TIME.*

*Final exam (comprehensive).*

*Problem sets.* You must hand in ALL problem sets on time or you will receive an F for the course. I will go over what you hand in & give you comments, but your course grade will not be affected by whether you get the answers right or wrong. You are encouraged to work together on problem sets.

**Description of course:** business cycles, inflation, monetary policy.

**Topics and readings**

Symbols describing where readings are available:

**1** Available through JSTOR

**2** Available in library, or on my door in an envelope, or on class website.

**3** Go to the library website, click on “metaLINK,” then click on “e-Journals” or “database” (for some things), then type in the name of the journal or series and go to the site that covers the year needed.

**Real business cycle models**

Romer chapter 3

Hansen and Wright, “The Labor Market in Real Business Cycle Theory,” Federal Reserve Bank of Minneapolis Quarterly Review, Spring 1992. Can be found at <http://www.minneapolisfed.org/research/qr/>

King and Rebelo, “Resuscitating Real Business Cycles,” in Taylor and Woodford, eds., Handbook of Macroeconomics, Volume 1B, 1999.2

**Lucas supply function**

Romer chapter 6 part A

**Staggered price setting**

Romer chapter 6 parts 6.9, 6.10

Robert Barro, “Long-term contracting, sticky prices and monetary policy” and comment by Stanley Fischer. Journal of Monetary Economics, 1977, pp. 305-323.2

## **Imperfect competition, real rigidity and menu costs**

Romer chapter 6 parts 6.4, 6.5, 6.6, 6.11

Mankiw, “Small Menu Costs and Large Business Cycles: A Macroeconomic Model of Monopoly” including “Appendix: A General-Equilibrium Example.” In Mankiw and Romer, eds. New Keynesian Economics, Volume 1, 1991. **2**.

## **New Keynesian aggregate supply**

Romer chapter 6, part 6.8

John Roberts, “New Keynesian Economics and the Phillips Curve.” Journal of Money, Credit and Banking, November 1995, 27: 975-984.**1**

Jeremy Rudd and Karl Whelan, “Modeling Inflation Dynamics: A Critical Review of Recent Research.” Journal of Money, Credit and Banking, February 2007, 39 (1), 155-170.**3**

Mankiw and Reis, “Sticky Information versus Sticky Prices: A Proposal to Replace the New Keynesian Phillips Curve.” Quarterly Journal of Economics, November 2002, 117: 1295-1328.**3**

## **New Keynesian DSGE models**

King, “The New IS-LM Model: Language, Logic, and Limits.” Federal Reserve Bank of Richmond Economic Quarterly, Summer 2000, 86:45-103. Available at [www.rich.frb.org/](http://www.rich.frb.org/) under Publications.

Christiano, Eichenbaum and Evans, “Nominal Rigidities and the Dynamic Effects of a Shock to Monetary Policy.” Journal of Political Economy, February 2005, 113:1-45.**3**

Clarida, Gali and Gertler. “The Science of Monetary Policy: A New Keynesian Perspective.” Journal of Economic Literature, December 1999, pp. 1661-1707.**3**

Bernanke, Gertler and Gilchrist, “The Financial Accelerator in a Quantitative Business Cycle framework.” In Taylor and Woodford, eds., Handbook of Macroeconomics Volume 1c, 1999, pp. 1341-93.**2**

## **Overviews: the current state of macroeconomics**

V. V. Chari and Patrick J. Kehoe, “Modern Macroeconomics in Practice: How Theory is Shaping Policy.” Journal of Economic Perspectives, Fall 2006, 20 (4), 3-28.**2**

Robert Solow, “The State of Macroeconomics” and reply by Chari and Kehoe. Journal of Economic Perspectives, Winter 2008, 22 (1), 243-249.**2**

Olivier J. Blanchard, “The State of Macro.” NBER Working paper series 14259, August 2008.**3**

## **Unemployment**

“Relative Wages, Efficiency Wages, and Keynesian Unemployment.” Lawrence Summers, American Economic Review, May 1988, 383-388.**2**

Romer chapter 9.

Blanchard, Olivier and Lawrence Summers. “Hysteresis and the European Unemployment Problem.” NBER Macroeconomics Annual, 1986, 15-78.**2**