Advanced Macroeconomics II
Brandeis ECON 304a
Spring 2019
Prof. Jean-Paul L’Huillier

General Description
This is a PhD-level advanced course in monetary economics.

Macroeconomics has become an exciting field in recent years. Roughly twenty to ten years ago, it felt like we understood how “the economy works.” However, since the 2008 global financial crisis, a series of important events have shaken the consensus and the conventional wisdom has been deeply questioned. I will use this unique historical opportunity to generate interesting discussions during class.

Readings: Textbooks
There is no single textbook for the course. We will draw material from several textbooks, including:


Michael Woodford, Interest and prices (Princeton University Press, 2003)


I shall comment on the differences between each of these in class. Do not hesitate inquiring further with myself or the Teaching Assistant.

Teaching Staff
This plan is tentative and ambitious. Depending on our pace, we may not cover all of these topics. Also, we will adapt the topics covered towards the end of the course to the interests and discussions raised in class.

1. A Brief History of Macroeconomic Thought
2. The Real Business Cycle Model
4. Models with Money: Search, Cash in Advance, and Money in the Utility Function
5. Menu Cost Models
6. The New Keynesian Model
7. Optimal Policy in the New Keynesian Model
8. Extensions: Dispersed Information, Rational Inattention, Strategic Models of Price Stickiness

Readings: Articles, Chapters, and Other Books

1. A Brief History of Macroeconomic Thought.


2. The Real Business Cycle Model.


5. Menu Cost Models


6. The New Keynesian Model

Chapter 3 in Gali (2015)

Chapter 3 in Woodford (2003)


7. Optimal Policy in the New Keynesian Model

Chapters 4 and 5 in Gali (2015)


8. Extensions: Dispersed Information, Rational Inattention, Strategic Models of Price Stickiness


More on the Content, and the Role of Problem Sets

It is important to emphasize that problem sets are “battling practice” for the final examination; students can expect that some questions there will be quite similar to those previously seen on problem sets. So, in order to prepare effectively, make sure you are able to solve them individually.

Requirements For Credit

There are 5 requirements, listed below. In parentheses you can see the weight each of them carries towards the final score.

1. Active participation in class and recitations (5%). Asking questions or intervening in class discussion will be rewarded and will help you internalize the material.
2. Problems sets (25%), in total 3. These will give you an idea of the questions asked in the quizzes and in the final exam.
3. Research proposal (10%), due April 2nd. Please follow the guidelines announced in class.
4. Short quizzes, in total 2 (30%). These will be taken in class, each lasting 40 minutes, at the beginning of lectures on March 7th and April 4th. These quizzes will also give you an idea of the questions that will be asked in the final exam.
5. A final exam (30%), in class, during the last week of the semester (exact date: April 30th).

An early final will NOT be given. Both the short quizzes and the final exam are closed book.

Academic Honesty and Disability Policy

While you are encouraged to discuss the problems with others, you are expected to answer problems on your own. Resist the temptation to copy someone else’s answer. This is worse than useless, as it is not only a violation of Brandeis University rules but also will lull you into a false sense that you understand the material.

More generally, you are expected to be honest in all of your academic work. Please consult Brandeis University Rights and Responsibilities for all policies and procedures related to academic integrity. Students may be required to submit work to TurnItIn.com software to verify originality. Allegations of alleged academic dishonesty will be forwarded to the Director of Academic Integrity. Sanctions for academic dishonesty can include failing grades and/or suspension from the university. Citation and research assistance can be found at LTS - Library guides.
If you are student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see Prof. L’Huillier immediately.

FINAL EXAM: APRIL 30