Macroeconomics 1 (2015/2016)

Prof. Carlotta Berti Ceroni

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Course Contents

The course Macroeconomics 1 is part of the integrated course Macroeconomics and presents some topics in modern macroeconomic theory with a focus on long run issues. The course introduces the two basic macroeconomic models used to describe the economic system in a dynamic general equilibrium framework with optimizing agents. Next, it provides a systematic presentation of modern macroeconomic growth theory and analyzes the role of different factors in generating persistent disparities in income per capita across countries.

Topics:

1. Dynamic macroeconomic models with optimizing agents. The representative agent model with infinite horizons. The overlapping generations model.

Readings

Background, required and additional readings will be indicated for each topic in the syllabus (see Table below)
Part of the readings will be based on the following textbooks:


Exam

Exam dates:

2. June/July 2016: two dates (as part of the whole exam for Macroeconomics) - check Almaesami website for time/place
3. September 2016: one date (as part of the whole exam for Macroeconomics) - check Almaesami website for time/place
Closed-book written exam with essay/analytical questions.

Homeworks (HMW) may contribute to assessment (40%) of the grade for Macroeconomics 1, provided that: (i) all homeworks are returned in due time (by hand or e-mail); (ii) the exam is taken in April, June or July. Homeworks will be reviewed by Ilaria in TA classes before the end of the course but will be graded only when the exam is completed.

**Syllabus**

Detailed syllabuses and lectures notes slides are posted on Alma Campus

<table>
<thead>
<tr>
<th>Syllabus</th>
<th>Lecture notes</th>
<th>TA Classes (Ilaria)</th>
<th>HMW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Syllabus Part I</td>
<td>L1; L2; L3; L4</td>
<td>C1: review of HMW1</td>
<td>HMW1 (covers L1-L4):</td>
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<tr>
<td></td>
<td></td>
<td>March 3, 2016, 11am-1pm, room 11</td>
<td>Out: 24/2; posted on AMS Campus</td>
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<td>Due: 3/3, before review class starts; e-mail to Ilaria</td>
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<td>HMW2 (covers L5-L8):</td>
<td>e-mail to Ilaria or hand in in class</td>
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<td>C2: review of HMW2</td>
<td>HMW2 (covers L5-L8):</td>
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<td>March 18, 2016, 3-5pm, room 1</td>
<td>Out: 9/3; posted on AMS Campus</td>
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<td>Due: 18/3, before review class starts; e-mail to Ilaria</td>
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<tr>
<td>Syllabus Part II</td>
<td>L5; L6; L7; L8</td>
<td></td>
<td></td>
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<tr>
<td>Syllabus Part III</td>
<td>L9; L10</td>
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</tbody>
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Macroeconomics 1
Prof: Carlotta Berti Ceroni

Syllabus and readings, Part I
(lectures 1-4)

1) Economic growth and income differences: stylized facts
2) The neoclassical growth model with exogenous saving rate
3) Dynamic macroeconomic models with optimizing agents: infinite-horizon and overlapping-generations

Required readings:

2) BSM: ch1, p.23 - 56
3) BSM: ch 2, p.85 - 105; p.19 0-200; R: p. 76 – 92

Legenda:

Further readings:

Macroeconomics 1
Prof: Carlotta Berti Ceroni

Syllabus and readings, part II
(lectures 5-8)

1) The neoclassical growth model and empirical evidence
2) Competitive endogenous growth models; learning by doing and knowledge spillovers
3) Endogenous technical change: expanding variety models
4) Endogenous technical change: models of Schumpeterian growth

Required readings:

2) BSM, ch 4, p. 205-220
3) BSM, ch 6, p. 285-302; 310-313

Legenda:


Further readings:

Aghion P. And P. Howitt, 1992, A Model of growth through creative destruction, Econometrica
Hall R. e C. Jones, 1999, Why do some countries produce so much more output per worker than others, Quarterly Journal of Economics
Klenow P. and A. Rodrigues-Clare, “The neoclassical revival in growth economics: has it gone too far?”, 1997, NBER Macroeconomic Annual
Mankiw G., Romer, D. and D. Weil, 1992, A contribution to the empirics of economic growth, Quarterly Journal of Economics

see also:

2) Caselli, F. Accounting for cross-country income differences, Handbook of Economic Growth, P. Aghion e S. Durlauf ed., Elsevier 2005 (HEG)
3) Durlauf, S. P. Johnson e J. Temple, 2005, Growth econometrics, HEG
4) Gancia, G. and F. Zilibotti, 2005, Horizontal innovation in the theory of growth and development, HEG

Macroeconomics 1
Prof: Carlotta Berti Ceroni

Syllabus and readings, part III
(lectures 9-10)

1) Technological transfers and convergence
2) Multiple equilibria and poverty traps: externalities and coordination failures
3) Multiple steady states: credit market imperfections
4) Structural transformation and the market size effect

Required readings:

1) Aghion and Howitt, 2005, Growth with quality-improving innovations: an integrated framework, HEG, sections 1-3
2-4) A: ch. 20, p. 715-719; ch. 21, p. 752-764

Legenda:

Further readings:

1) Azariadis C. and J. Stackurski, 2005, Poverty traps, HEG
4) Howitt, P., 2000, Endogenous growth and cross country income differences, American Economic Review