

# 6E:206 Macroeconomics II

Spring, 2006

## Instructor

Steve Williamson

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## Teaching Assistant

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## Grading

There will be weekly problem sets, two mid-term tests, and a final exam. The problem sets will count for 25% of your grade, and each of the tests and final exam will also count for 25%. Everyone must hand in the assignments, but you should feel free to collaborate.

## Course Schedule

- January 31: Assignment 1 due.
- February 7: Assignment 2 due.
- February 14: Assignment 3 due.
- February 21: Mid-Term Test 1, 7-9 pm, location TBA.
- March 7: Assignment 4 due.

- March 21: Assignment 5 due.
- March 28: Assignment 6 due.
- April 4: Mid-Term Test 2, 7-9 pm, location TBA.
- April 18: Assignment 7 due.
- April 25: Assignment 8 due.
- May 2: Assignment 9 due.
- May 9: Final Exam, 9:45-11:45 AM, W181 PBB.

### Readings

You can download most of these directly from the University's online journals catalogue, or from the web, but for convenience I have uploaded everything to the ICON server. You should be able to sign on using your hawkid and password. Please let me know if you have problems.

#### 1. Cash-in-Advance Models and Liquidity Effects

*Notes on Macroeconomic Theory*, Chapter 10.

Williamson, S. 2005. "Limited Participation and the Neutrality of Money," *Federal Reserve Bank of Richmond Economic Quarterly* 91, 1-20.

Lucas, R. 1990. "Liquidity and Interest Rates," *Journal of Economic Theory* 50, 237-264.

Fuerst, T. 1992. "Liquidity, Loanable Funds, and Real Activity," *Journal of Monetary Economics* 29, 3-24.

Alvarez, F., Lucas, R., and Weber, W. 2001. "Interest Rates and Inflation," *American Economic Review Papers and Proceedings* 91, 219-225.

Alvarez, F. Atkeson, A., and Edmond, C. 2002. "On the Sluggish Response of Prices to Money in an Inventory-Theoretic Model of Money Demand," NBER working paper 10016.

Williamson, S. 2005. "Monetary Policy and Distribution," working paper.

## 2. Labor Markets and Search

- Rogerson, R., Shimer, R., and Wright, R. 2005. "Search-Theoretic Models of the Labor Market: A Survey," working paper.
- Ljungqvist, L. and Sargent, T. 1998. "The European Unemployment Dilemma" *Journal of Political Economy* 106, 514-550.
- Prescott, E. 2004. "Why Do Americans Work So Much More Than Europeans?" NBER working paper 10316.
- Shimer, R. 2005. "The Cyclical Behavior of Equilibrium Unemployment and Vacancies," *American Economic Review* 95, 25-49.
- Hall, R. 2005. "Employment Fluctuations with Equilibrium Wage Stickiness," *American Economic Review* 95, 50-65.

## 3. Monetary Search

*Notes on Macroeconomic Theory*, Chapter 8

- Williamson, S. and Wright, R. 1994. "Barter and Monetary Exchange Under Private Information," *American Economic Review* 84, 104-123.
- Trejos, R. and Wright, R. 1995. "Search, Bargaining, Money, and Prices," *Journal of Political Economy* 103, 118-141.
- Lagos, R. and Wright, R. 2005. "A Unified Framework for Monetary Theory and Policy Analysis," *Journal of Political Economy* 113, 463-484.
- Rocheteau, G. and Wright, R. 2005. "Money in Search Equilibrium, in Competitive Equilibrium, and in Competitive Search Equilibrium," *Econometrica* 73, 175-202.