

M.Sc. Economics

Code:		Type:	M.Sc. 2 nd semester lecture series
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Title:	Macroeconomics II
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Lecturer:	Walter H. Fisher
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ECTS:	7	Contact hours (per semester):	24 á 90 min.
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Semester:	Summer 2010	Frequency of the lecture:	Twice a week 90 min.
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Dates:	March 8 th , 2010 until June 14 th , 2010
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Prerequisites:	Macroeconomics I
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Learning objectives (What are the intended learning outcomes? Which skills will be acquired?):

The purpose of this course is to provide an overview of some of the major issues modern dynamic macroeconomics, particular growth theory.

Content (Which professional competence and which contents will be imparted?):

- **Introduction:** differential equations, stability analysis, characterization of dynamic systems and phase diagrams.
- **Dynamic Optimization:** developing techniques of optimization in continuous time.
- **The Neoclassical Growth Model Part I:** Solow-Swann model, characterization of balanced growth paths, dynamics, and steady-state equilibrium.
- **The Neoclassical Growth Model Part II:** The Ramsey model of consumer optimization, analysis of transitional dynamics and long-run equilibrium, one-sector model of endogenous growth with AK-technology, human capital accumulation and the Uzawa-Lucas two-sector growth model, analysis of policy experiments and exogenous shocks in the Neoclassical model.
- **Technological Change and Innovation:** product variety, innovation, and market power; the quality ladder model, the leader-follower model and research and development.
- **Open Economy Growth:** the basic one-sector small open economy model, current account adjustment, real exchange rate dynamics, the two-sector model.

Teaching approach (Description of the learning and teaching methods):

Lectures and problem sessions.

Workload (Optional: definition of workload (ECTS), divided in pre-modules (e.g. pre-readings), core-modules (contact hours), post-modules (e.g. case studies)):

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Language of instruction (Information on the language of teaching):

English

Obligatory literature (E.g. scripts, books, articles, cases, papers):

Lecture material will be drawn from the following texts:

- *Optimal Control Theory and Static Optimization in Economics*: Daniel Leonard and Ngo van Long, Cambridge University Press, 1992.
- *Foundations of Modern Macroeconomics*, Ben J. Heijdra, Oxford University Press, 2nd ed., 2009.
- *Economic Growth*, Robert J. Barro and Xavier Sala-i-Martin, McGraw Hill, 1995.
- *Methods of Macroeconomic Dynamics*, Stephen J. Turnovsky, MIT Press, 2nd ed., 2000.

Additional literature (E.g. books, articles, cases, papers):

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Mode of examination (Mode of the examinations and tests (e.g. oral or written examination, lecture, homework, papers, class participation)):

Student grades will be based on performance on required homework assignments and examinations.

Grading:

- homework assignments 20%
- midterm examination 30%
- final examination 50%.

Special features (E.g. excursion, guest speaker):

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Contact information:

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Office hours:

Tuesday, 11.00 – 1.00 p.m.
and by appointment

Room A 322

Course website:

<https://cecnet.tuwien.ac.at>