ECON 810: Advanced Macroeconomic Theory

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Office hours by appointment.

Course Schedule:
All course documents and communication will also be on the class web page:
http://www.ssc.wisc.edu/~nwilliam/Econ810

Requirements for this portion of the class include attendance at the lectures, completion of problem sets, a referee report and presentation, and a course paper.

The paper: You are expected to make substantial progress on a research project in macroeconomics, and complete a progress report/paper. The research project might lead to a paper satisfying the field paper requirement. The progress report must describe original research, rather than merely surveying the literature. This can be a continuation of the project you began previously, or something new. An interim progress report is due on April 8. The paper itself will be due during final exam week. Meeting the deadline is an important part of this exercise, so there will be no extensions.

Referee report: Evaluating others’ work is an important part of the profession and the research process, so for this class you are required to write a referee report evaluating a paper from the literature. This consists of a summary of the paper, a critical evaluation, and suggestions for changes or extensions. More detail on this will be provided later in the semester. The report will be due on May 1. In conjunction with the report, you should prepare a discussion presentation of approximately 20 minutes, as if you were asked to discuss the paper at a conference. Discussions will be scheduled later in the class.

Reading List
Subject to change. More critical readings are marked with an asterisk (*).

1. Issues in Monetary Policy

1. The Basic New Keynesian model


Woodford, M. (2003), Interest and Prices, Chapter 3.1-3.2, 4.1
2. **Liquidity Traps and the Zero Lower Bound**


3. **Larger Scale (Pre-Crisis) Estimated Models and Their Implications**


4. **Financial Frictions**


2. Dynamic Contracting and Economic Policy

4: Limited commitment problems.


5: Repeated moral hazard and hidden information problems.


6: Optimal unemployment insurance


### 3. Continuous Time Stochastic Processes and Stochastic Control

#### 7: Basics of continuous time stochastics


#### 8: Basics of stochastic control


Fleming and Rishel (1975) *Deterministic and Stochastic Optimal Control*, Springer, Chapter VI.

Classic applications: Merton (1971), Bismut (1975)

### 4. Continuous Time Agency Models and Applications

#### 9: Basic continuous time agency models


10: Private information and persistence


11: Recent applications


