Professor:

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Tentative Office Hour: Thursdays 3pm -4pm

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Prerequisite:

Economics 6130 (Macro I) or the consent of Professor Shell

Organizational Meeting:

• Monday, January 25, 2010, Baker Lab 219

• Collect student data:
  
  o Last name, First name
  o E-mail
  o Degree Program (PhD, BS, MA, or ... )
  o Field (Economics, AEM, ...)
  o Department and School

• Timing of future lectures

• Grading for course:
  
  o 2-hour final, 50%
  o 2, 1-hour quizzes, 25% x 2
  o Weekly problem sets
Lecture notes and readings:

• Posted at www.karlshell.com

• Course re-designed to bring in more on financial fragility, bank runs, excess volatility, sunspot equilibrium, money-and-search
What is macro-economics?

• **Connotation versus denotation:**
  
  o Denotation

  Macro is based on aggregates: Y, K, L, C, Z, ...


  Keynes, Hicks, Samuelson, Klein. Followed by Lucas, Prescott, ... .

  o Connotation:

  Macro is about money, finance, time, expectations, interest rates, exchange rates

• Macro is General Equilibrium (but not necessarily Walrasian)

• Macro is theoretical, empirical, computational, and historical. Macro attempts to be timely.
Tentative Course Outline

• Organization

• What is macro?

• Production
  - Production functions
  - Factor rewards
  - 1-sector model
  - 2-sector model

• Intertemporal economics

• Economics of uncertainty

• Economic Growth
  - Descriptive: simple saving function
  - Golden Rule, Modified Golden Rule
  - Intertemporal Efficiency & Over-saving
  - Optimal growth & turnpike
  - Endogenous Growth
    - Ideas
    - Patents

• Taxes denominated in money, I
• Overlapping Generations
  • Taxes denominated in money, II. Bonafidelity.
  • Dynamics
    • Oversaving

• Financial Fragility
  • Bank runs
  • Other panics

• Excess volatility
  • Leverage cycle
  • Sunspot equilibrium
  • Correlated equilibrium
  • Market-game
  • General price level