Course Coordinator: Tang Yang
Course Code: HE4002
Course Title: Advanced Macroeconomics
Pre-requisites: HE2002 Intermediate Macroeconomics/HE9092 Economic Theory
No of AUs: 4
Contact Hours: 52 hours (4 hours Seminar per week)

Course Aims
This is an advanced course in Macroeconomics. The primary interest in Macroeconomics is the entire economy. The course will cover a series of frontier research related to economic growth and development, asset pricing and monetary policy, international finance and trade, and other contemporary issues on income and firm distribution. In this course we study the aggregate economy by developing theoretical models with solid microfoundations, and this implies that i) we use models populated by agents (households, firms, and government) that optimize their own behavior, and ii) the implied equilibrium allocations that result from the behavior of agents satisfy aggregate consistency conditions (essentially market clearing). Understanding the concept of equilibrium will then be the single most important theoretical tool of the course.

Intended Learning Outcomes (ILO)
By the end of this course, you (as a student) would be able to:

1. identify and interpret the basic settings of mathematical models that study economic growth and development
2. describe the concept of market equilibrium, and analytically solve for the market equilibrium
3. examine the quantitative properties regarding to balanced growth path and structural transformation

Course Content
1. Economic Growth Theory:
   1.1. Neoclassical Growth Theory
   1.2. Elementary Endogenous Growth Theory:
       1.2.1. The AK Model
       1.2.2. Technology and Economic Growth
       1.2.3. Human capital and Economic Growth
2. Economic Development Theory
   2.1. The Big push theory
   2.2. Poverty trap
   2.3. Industrial transformation
   2.4. Demographic transition
3. Money, Finance and Long-run growth
   3.1. Basic “Lucas” asset pricing model
   3.2. OLG model with Money
3.3. Financial intermediation and endogenous growth

4. International development and globalization
   4.1. Exchange rate determination and FDI
   4.2. Traditional “Grossman-Helpman North-South” international trade model
   4.3. Frontier “Melitz-Eaton-Korum” international trade model

5. Contemporary issues in income and firm distribution
   5.1. Income distribution
   5.2. Growth, cycles and firm distribution
   5.3. Political institutions and distributive policies

Assessment (includes both continuous and summative assessment)
1. Quiz 1 : 25%
2. Quiz 2 : 25%
3. Final Exam : 50%
Total : 100%

Reading and References
There will be no required text. However, the following textbooks may be useful for certain parts of the courses. The course may be demanding in the sense that I expect you to spend some time after class reading the relevant literature that I assign to you. To understand lecture notes and the assigned readings is critical for succeeding in the courses.

- Blanchard, O. and S. Fischer (1990), Lectures in Macroeconomics, MIT Press.

Course Instructors

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<thead>
<tr>
<th>Instructor</th>
<th>Office Location</th>
<th>Phone</th>
<th>Email</th>
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<tbody>
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Planned Weekly Schedule

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<td>Issues in income distribution, Quiz</td>
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