Economics 210A
Fall 2002
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Reading Material
This course is based on recent academic articles and two graduate-level Macroeconomics textbooks:

1) Blanchard, O. and S. Fischer (1989), Lectures on Macroeconomics, MIT Press, and

A third useful reference (though not a required textbook) is

Copies of books 1) and 2), and some copies of 3), have been ordered by the UCSD bookstore.

Hard copies of the articles will be available in the Graduate Student Lounge (Room 106 of the Economics Building) for photocopying only. Alternatively, you can obtain the articles from the original source or JSTOR. Additional reading material (beyond that listed in this syllabus) may be assigned during the semester.

Grading Policy
Problem Sets: 20%
Midterm Exam: 30%
Final Exam: 50%

You are encouraged to work together in the problems sets, but you must hand in your own written answers. No books or notes will be allowed for the exams. The final exam is cumulative.

Course Outline
1. Introduction
2. Infinite Horizon
2.1. Consumption/Savings Choice
The Solow Model. Convergence. Centralized and decentralized versions of the Ramsey model. Introduction of the government. Ricardian Equivalence. Blanchard and Fischer, ch. 2.1 to 2.3 and 2.5 (see also Obstfeld and Rogoff, ch. 7.1 and 7.2; Romer, ch. 1 and ch. 2.A)

2.2. Investment Decision
Introduction of adjustment costs to capital accumulation in the Ramsey model. Interpretations in a centralized and decentralized economy. Investment, savings, and the current account in a small open economy. Blanchard and Fischer, ch. 2.4

3. Finite Horizon
3.1. OLG Models
The implications of finite lives for aggregate consumption, savings, and capital accumulation. Dynamic inefficiency. Pareto Optimality. Social security. Blanchard and Fischer, ch. 3, 5-1 and 5-2 (see also, Obstfeld and Rogoff, ch. 3; Romer, ch. 2-B)

3.2. Intertemporal Trade and the Current Account
Gains from trade. Two period models with and without production. Obstfeld and Rogoff, ch. 1.1 and 1.2.

4. International Financial Markets
4.1. The Role of Uncertainty

4.2. Imperfections

5. Money