

## **MACROECONOMICS (I)**

This course is concerned with the application of macroeconomics and recursive methods to the study of various problems such as asset pricing, risk and uncertainty, institutions, economic growth, and economic development. What would be called the *Smith-Coase framework* is important and useful. And it will be used repeatedly in the study of these problems.

### **Requirements**

Four homework assignments: 20%

Midterm/Final exam: 40% for each

### **Office Hours**

Tuesdays, 2:00-3:00 p.m. (Social Sciences Building 302); otherwise, by appointment

Web: <http://web.ntpu.edu.tw/~guan>

## **Course Outline**

### **Introduction to Recursive Methods (or Dynamic Programming)**

Nancy L. Stokey, Robert E. Lucas, Jr., and Edward C. Prescott, *Recursive Methods in Economic Dynamics*, Harvard University Press, 1989, Ch. 3.

### **Kelly Criterion and the Efficient Market Hypothesis**

Daniel Bernoulli, "Exposition of a New Theory on the Measurement of Risk," *Econometrica*, 1954, 23-36.

Robert E. Lucas, Jr., "Asset Prices in an Exchange Economy," *Econometrica*, 1978, 1429-1445.

John L. Kelly, Jr., "A New Interpretation of Information Rate," *Bell System Technical Journal*, 1956, 917-926.

William Poundstone, *Fortune's Formula*, Hill and Wang, 2005, Pt. 1-4 (決勝籌碼).

Nassim N. Taleb, *Skin in the Game*, Random House, 2018, Ch. 19 (不對稱陷阱).

## **Introduction to the Smith-Coase Framework**

Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 5th edition, 1789; Modern Library, 1994, Bk. I, Ch. I-VII.

Ronald H. Coase, *The Firm, the Market, and the Law*, University of Chicago Press, 1988, Ch. 2 and 5.

--- “Durability and Monopoly,” *Journal of Law and Economics*, 1972, 143-149.

## **Midterm Exam**

### **Keynes, Classical School, and the Missing Equation**

Adam Smith, *Wealth of Nations*, Bk. I, Ch. IX.

John Maynard Keynes, *The General Theory of Employment, Interest, and Money*, Macmillan, 1936, Bk. I, II, and IV.

John R. Hicks, *The Crisis in Keynesian Economics*, Basic Books, 1974, Ch. II.

Richard Posner, “Keynes and Coase,” *Journal of Law and Economics*, 2011, S31-S40.

### **Economic Growth and Development**

Adam Smith, *Wealth of Nations*, Bk. III, Ch. III.

Paul M. Romer, “Endogenous Technological Change,” *Journal of Political Economy*, 1990, S71-S102.

--- “New Goods, Old Theory, and the Welfare Costs of Trade Restrictions,” *Journal of Development Economics*, 1994, 5-38.

Robert E. Lucas, Jr., “Ideas and Growth,” *Economica*, 2009, 1-19.

--- “What Was the Industrial Revolution?” *Journal of Human Capital*, 2018, 182-203.

John Maynard Keynes, “Relative Movements of Real Wages and Output,” *Economic Journal*, 1939, 34-51.

Thomas Piketty, *Capital in the Twenty-First Century*, Harvard University Press, 2014, Ch. 6 (二十一世紀資本論).

## **Final Exam**