

NORTHWESTERN UNIVERSITY

Advanced Topics in Macroeconomics 316

Winter, 2026

Professor Martin Eichenbaum

Office: Room KGH 3357
Phone: 1-847-491-8232
TA: Kyra Carmichael kyra.carmichael@u.northwestern.edu
TA office hours: Tuesday, 1:30 - 2:30 AND Wednesday, 3-4pm, Kellogg
3198
Email: eich@northwestern.edu
Web Page: Access Through Canvas
Office hours: By appointment.

BRIEF COURSE DESCRIPTION

This course examines the causes and consequences of growth and fluctuations in aggregate economic activity. We will pay particular attention to frontier cutting-edge macroeconomic models and how they are used in policymaking. A policy-making economist from the Federal Reserve will discuss how the Fed uses macro models in its decision-making process.

We begin by documenting the facts and reviewing existing evidence on the answers to the following questions. What are the determinants of long-term growth? How important are fluctuations in the modern U.S.? Who gains and who suffers most because of fluctuations? How is inflation related to economic fluctuations? We will then consider modern general equilibrium theories of growth and aggregate fluctuations.

NOTE: We will devote more time to business cycles and less to growth than I have in the past.

TEXTBOOK AND CASE PACKET

The textbooks for the course are sections of

- (1) Advanced Macroeconomics, An Easy Guide, by
Filipe Campante, Federico Sturzenegger, Andrés Velasco.

You can download a free copy at

<https://press.lse.ac.uk/site/books/m/10.31389/lsepress.ame/>

- (2) Advanced Macroeconomics, Advanced Macroeconomics, David Romer

Both books are on the course web page (see folder Files/Readings)

EVALUATION

The grade in this course will be based on a set of Homework Problems (40%), a Midterm Exam (30%) and a Final Exam (30%).

Midterm: Feb. 5, 2026. **NOTE:** the midterm will cover material up to the end of Jan. lectures.

Recitations: Friday, 4-4:50pm.

I will switch the recitation class on the following date:

TA session on Feb 24, Make-up class on Feb 27.

THE USE OF MATH IN THIS COURSE

The textbook and some of the readings use a fair amount of math. This should not intimidate you. I will provide handouts on the mathematics and go through all derivations in class. In addition, I will provide numerous alternative, non-mathematical derivations of the material relevant to the applications we'll cover. All readings, except the textbook, will be available on the course webpage. **There is no way we will cover all the material on the syllabus.**

Syllabus

1. The Solow Growth Model
 - Campante et. al, Chapter 2.
2. Empirics of growth
 - Campante et. al, Ch. 7
3. General Equilibrium a simple example
 - Class Notes
4. Real Business Cycle models
 - Campante et. al, Ch. 14
 - Class notes (posted on Canvas)
5. The New Keynesian model, Monetary and Fiscal policy
 - Class Notes
 - Romer, Ch.11, sections 11.5, 11.6, 11.7
6. Budget Deficits and Sustainability
 - Romer, Ch. 12

7. Unemployment

- Romer, Ch. 10
- Class notes