

Macroeconomic Analysis (Econ 602)

Spring 2009

Instructor: Joydeep Bhattacharya

T.A: Min Wang

- Class time: TTh 10am-noon, Heady 272
- Section time: Fridays, 2:10pm-3pm, Heady 272
- Instructor office: 277 Heady Hall; phone: 4-5886; **e-mail:** joydeep@iastate.edu
- Instructor office hours: TTh 1-2 pm or stop by
- T.A office: 180A Heady, 4-6292
- T.A office hours: MWF 12-1 pm

1 Course Description

The aim of this course is to (a) familiarize students with some of the theoretical tools used in modern mainstream macroeconomics research, and (b) to offer students a chance to get a quick peek at the research frontier. The focus will be on a wide variety of theoretical models with one unifying theme: *dynamic optimization*. The main workhorse models will be the overlapping-generations model and the infinitely-lived representative agent model; we will use them to study issues of monetary theory, capital accumulation, social security, inflation, income distribution, banking, etc. After taking 600, 602 and 604, you will become fluent in the *language* spoken by today's macroeconomists, and hopefully begin to think like one!

2 Readings

There are two texts: Ljungqvist and Sargent, *Recursive Macroeconomic Theory*, and Costas Azariadis, *Intertemporal Macroeconomics*. We will make some use of both, although your lecture notes will be the most important reading. There is also a set of important readings from technical journals which will supplement the text, often available from www.jstor.org. From time to time, I will also direct your attention to certain optional reading material. It is *strongly* recommended that you read *all* the required readings and some of the recommended ones.

It is also useful to start your academic career with some good habits: (a) regular reading of technical general-interest journals in economics such as *Journal of Economic Perspectives*, *American Economic Review*, *Journal of Political Economy*, *Quarterly Journal of Economics*, etc., and (b) regular reading of *The Economist*.

3 Course requirements

There will be *three* exams. The dates will be announced in class and on the class webpage well in advance. The equally-weighted exams will have a combined weight of 75%. The remaining 25% will be allocated to (a) problem sets and class participation (12.5%), and (b) paper presentations (12.5%). Attendance in class is not compulsory but is *strongly* recommended. No make-up exams will be given. The exams will be given during class time.

4 Assignments

Roughly each week or so during the first half of the course a problem set will be handed out — it will be due at the beginning of class typically a week later. The problem sets serve two purposes: a) they help fix concepts taught in class, and b) they cover holes in lectures.

Late problem sets will receive *zero* credit and will not be graded. Starting with the third problem set, you are asked to turn in typed solutions (including math and diagrams) to the problem sets. This is intended to get you started on scientific typing and is good practice for the future. I strongly recommend you use Scientific Workplace (LaTeX or teX). Failure to turn in typed solutions will lead to point penalties.

The T.A will go over some of the problems from the problem sets in the discussion session on Fridays. I encourage you to attend these. Solutions to problems will not be provided. The T.A and I will jointly grade all problem sets and exams. I respect the T.A's decision in all grading-related matters.

5 Paper presentations

I will randomly assign a bunch of academic papers. Each student will have to make a presentation of the assigned paper in class. The presentation should be about 20 minutes long and will be followed by a 10 minute question-answer session. The presenters will be expected to motivate the main idea of the paper, sketch the essentials of the model, give a brief description of the equilibria and main propositions (no proofs), and conclude with general observations on the paper and its contribution. You are expected to use Powerpoint or Beamer (no transparencies).

Attendance during the presentations is *compulsory*. Each student is expected to have read all the papers in advance of the presentations and come prepared with possible questions/comments. Questions based on these papers may show up in future exams and qualifiers. The TA and I will also judge the presentations especially on their content and on how the student handles questions. We will also judge members of the audience based on the quality of the questions they ask or comments they make.

6 General remarks

I report all violations of academic integrity to the appropriate committee in the university. If you have a documented disability that requires assistance, you will need to go to the Disability Resource (DR) Office for coordination in your academic accommodations. The DR is located in the Student Services Building, Room 1076. Their phone number is 515-294-6624, TDD 515-294-6335 or email Bea at Awoniyib@iastate.edu.

7 Final remarks

Feel free to stop by my office and discuss any academic or in some cases, non-academic issues. Make use of the T.A's office hours. The easiest way to get a hold of me is via e-mail. For the most part, paying attention in lectures and doing the problem sets diligently is all the preparation you'll need. Don't lag too far behind — it'll make the job *very* hard in the end.