

KYIV SCHOOL OF ECONOMICS

Macro III, Winter 2015

Instructor: Maksym Obrizan

Time & Location: Time varies - please check the schedule, Room 203

Office Hours: whenever my office door is open (for questions not related to grading) or by e-mail appointment

E-mail: mobrizan@kse.org.ua or mobrizan@gmail.com

E-mail should be used only for organizational issues - if you have a question about course material please see me in person.

Course webpage: mobrizan.weebly.comMacro_III.html

Teaching Assistant: Polina Kanel (pkanel@kse.org.ua)

Text: The lectures will be based on one of the following:

Heer, B. and A. Maussner. *Dynamic General Equilibrium Modeling: Computational Methods and Applications*. 2nd edition. 2009.

Ljungqvist, L. and T. Sargent (2004). *Recursive Macroeconomic Theory*, MIT Press.

Notes on Macroeconomic Theory by Steve Williamson

At a simpler level: Williamson S. (2008). *Macroeconomics*. 3rd edition. Pearson Education.

Course Description:

This course introduces you to questions and methods of modern dynamic macroeconomic theory. The techniques of dynamic programming developed recently allow us to solve for the equilibrium in very realistic economies that are not subject to the Lucas critique. These models are derived from the micro foundations such that all economic decisions are coming from agents optimization. Although these methods may seem hard at first, you will benefit from substantial extension of your macroeconomic toolkit.

(Preliminary) List of Topics:

Dynamic optimization in the two-period consumption model without uncertainty.

Borrowing constraints and stochastic income.

The dynamic model with infinitely many periods.

Permanent income hypothesis. Precautionary savings.

Introduction to Asset Pricing Theory.

Basic ideas behind discrete-time dynamic programming.

Stochastic dynamic programming.

Applications: McCall's model of intertemporal job search.

Grading:

Letter grades will be distributed according to standard KSE grading scale based on the following:

Assignment	% of Grade	Details
3 Homeworks	20%	The lowest score will have 50% weight
Unannounced Quizzes	10%	Two lowest scores dropped, number of quizzes 4-8
Midterm	30%	TBA (in class)
Final	40%	Finals week

The purpose of unannounced quizzes is (i) to make sure that you do your reading not just before the exams and (ii) to check attendance (50% of the quiz score is given just for being present). There will be no makeups for quizzes that you miss. Final exam will be comprehensive - it will also include questions from the material taught before the midterm.

Policy on Student Attendance:

It is expected that you attend classes regularly. In the case of emergency when you must skip a class, it is your sole responsibility **to copy lecture notes from a classmate**. At least part of the exam material will be based on lectures and not on the textbook.

Policy on Re-Grading:

All re-grading requests should be made by e-mail. **Your teaching assistant will not accept requests for re-grading of the homeworks!** The only exception to this rule is algebraic error in adding scores (say $34+12$ was counted as 36 instead of 46). I will re-grade your assignment within 7 business days from your request. Your e-mail request should contain the following three statements:

1. I declare that I have carefully read Syllabus for this course.
2. I declare that I have carefully read Suggested Solutions to this assignment (if applicable).
3. I realize that the whole assignment **must** be re-graded and that my score can actually go down as a result of re-grading.