Graduate Macroeconomics B (ECON 210B)

Syllabus for Winter 2017

Instructor: Tommaso Porzio - Econ 224 - tporzio@ucsd.edu - OH: Wed 5:15pm to 6:15pm
TA: Xiao Ma - xim032@ucsd.edu - OH: Fri 1pm to 2pm.
Lecture: Mon, Wed 10:00am to 11:20am - Economics Building - Room 200
Discussion with TA: TBD

Class Outline. In the first part of the year. You have introduced basic tools. In this course, we go beyond basic macro - and we introduce some sort of frictions.

Problem Sets. I will distribute problem sets on a weekly or bi-weekly basis throughout the course. A due date and time for each problem set is written on the first page. Problem sets are **mandatory** and should be turned in to Xiao, your TA. Solving the problem sets is of paramount importance in order to succeed in the course. As usual, working in small groups is encouraged, however I also suggest you to give a serious individual attempt to solve the problem set before discussing it with your classmates. Xiao will read your problem sets to know on which (if any) topic you are having a hard time. However he will not correct them. Problem sets are graded either 100% or 0%. You receive **full grade** (i.e. 100%) on a problem set **if** you **attempt** to solve each question. (E.g. even if you have no idea on how to solve a question, you should explain why you find that question hard, and what confuses you). Xiao will circulate solutions to the problem sets after the due date.

Office Hours. I hold office hours on Wed from 5:15pm to 6:15 pm. In order to use more efficiently both your and my time, office hours are **by appointment only**. This is how it works: if you wish to come to my office hours, send me an email *before Tuesday at 10pm*. The email should contain as subject ECON210B_OH. You should briefly sketch the reason for your visit. I will email you on Wednesday morning with a time slot within my OH at which to show up. I might bundle more than one student together if you have similar questions.

Questions and Competences. Let's assume you have a question. If this is about something that you did not understand in class, you should first reach out for your classmates, then for your TA, and as a last resort to me. If instead the question is more broadly about macro, or about topics that we have not directly covered in class, then I am the right person to reach out for.

Teaching Resources. For the exams, you are responsible to know only the **material that I cover in class**. I usually write on the blackboard, and you are strongly encouraged to take notes. I will provide slides that outline most of the class material. There is no assigned textbook, but I will suggests throughout the course few references.

Class Participation. I encourage class participation. I think we could all benefit from your questions. If something is unclear to any of you, most likely I have not been clear enough in explaining it, and thus others might be confused as well. Please raise your hands! and close your laptop as well! I strongly encourage you to take notes using pencil and papers. Open laptops are distracting for you and for me.[1] The same is true for smartphones of course.

Grading and Exams. Your final grade is given by problem sets (10%), one in-class midterms (30%), and one final exam (60%) during final week. *Midterm is not mandatory.* If you skip it - for any reason, no need to provide a justification - your final exam will have accordingly more weight for your final grade (i.e. 90%). There are no make-up midterms. The midterm is usually easier, hence it is in your interest not to skip it. If you miss the final exam, *and* have a university-approved justification, we can arrange a make up exam in the spring. Midterm and final exams are closed book and solo work.

    I don't tolerate academic misconduct. Cheating is unfair, to you, to me, and most importantly to your classmates. I have a zero tolerance policy.

Tentative Schedule.

- 1/9 - Intro. Motivating facts. Frictions in macro

- 1/11 - Neoclassical theory of investment

- 1/18 - Overview of Adjustment Costs and Q theory

- 1/23 - Stochastic Calculus and Continuous Time Dynamic Programming with Diffusions

- 1/25 - Irreversibility and the Real Option Approach

- 1/30 - Ss Policies

- 2/1 - Ss Policies cont.

- 2/6 - Uncertainty/Volatility and Uncertainty Shocks

- 2/8 - Overview of Unemployment: why are people unemployed, some facts, and approaches

- 2/13 - In Class Midterm

- 2/15 - Neoclassical Unemployment and Labor Force Participation

- 2/21 - Continuous Time Dynamic Programming with Poisson Process

- 2/27 - Equilibrium Search

- 231 - Equilibrium Search cont.

- 3/6 - A primer on Job Ladders, and the role of the firm

- 3/8 - Heterogeneity in Macro

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[1]There is even research that shows this! See http://www.sciencedirect.com/science/article/pii/S0360131512002254 and http://journals.sagepub.com/doi/abs/10.1177/0956797614524581.

- 3/13 - Incomplete Markets and Heterogeneous Agents

- 3/15 - Incomplete Markets and Heterogeneous Agents cont.