

**University of Texas**  
**Department of Economics**  
**Fall 2018**  
**Eco 387C – Macroeconomics I**

**Instructor:** Andy Glover

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**Lecture:** Tu, Th, 2:00PM - 3:15PM; BRB 1-118

**Teaching Assistants:**

Choongryul Yang TH, 3:30-5:30 BRB 3.154

E-mail is the best way to reach me. Please allow up to 24 hours for a reply.

## 1 Course description

This is the first course in the core graduate macroeconomic sequence. The objective of this course is to develop an understanding of microeconomic models: how to create one, how to solve them, and what questions can be answered by using them. We will focus on aggregates in this class (such as aggregate consumption, investment, labor supply, etc) and when it is sufficient to study these variables as a proxy for microeconomic variables. Methods and tools will be presented throughout the course, in particular we will learn dynamic equilibrium theory and dynamic optimization. Several economic issues will be discussed, but these topics only provide a partial survey of the state of modern macroeconomics.

## 2 Textbook(s)

No textbook will be followed closely. However, the book by Ljungqvist and Sargent is a useful reference for many of the topics discussed in class. The technical lectures on dynamic programming will closely follow Stokey and Lucas. We will also use the class notes from Dirk Krueger and Williamson's intermediate textbook is a great refresher. You can also look at Jesus Villaverde's class notes for macroeconomics, since I will cover many of the same topics.

- 1 Ljungqvist and Sargent (2004) *Recursive Macroeconomic Theory*, 3rd Ed.
- 2 Stokey and Lucas with Prescott (1989) *Recursive Methods in Economic Dynamics*
- 3 Williamson (2011) *Macroeconomics*, 4th ed.

### 3 Course schedule

The schedule below is very tentative and subject to change at my discretion.

Week	Lecture Topic
Lec 1	Introduction, expected utility, business cycles
Lec 2-3	Utility/Profit maximization, Over-Lapping Generations in GE
Lec 4-6	Endowment Economy, Arrow-Debreu Equilibrium, Sequential Markets 1st/2nd Welfare Theorems (Ch. 2 in Krueger's notes, Ch. 8 in LS)
Lec 7-8	Over-Lapping Generations: Failure of FWT, Social Security, Money (Ch. 9 in LS, Ch. 8 in Krueger)
Lec 9-10	Asset Pricing (Ch. 8 in LS)
Out of Class	First Midterm
Lec 11-13	Neo Classical Growth Model, Balanced Growth, Lucas Puzzle and Capital Flows (Williamson Ch. 6, Larry Jones Notes 1, SLP Ch. 6)
Lec 14-16	Fiscal Policy and Ramsey Taxation (Larry Jones Notes 2/3, LS Ch. 16)
Lec 17-18	Endogenous Growth Theory (Williamson Ch. 7, LS Ch. 15)
Out of Class	Second Midterm
Lec 19-20	Search Models (LS Ch. 6 + 28)
Lec 21-23	Stochastic Growth Model: Business Cycles, Asset Pricing (Williamson Ch. 11, Jones Notes 4)
Lec 24-26	Incomplete Markets and Self-Insurance (LS Ch. 17 + 18, Perri Lectures 5-7)

### 4 Course Website

I will use Canvas to keep everyone updated.

### 5 Course requirements

#### 5.1 Problem sets

I expect to assign problem sets during the course on a weekly basis. I strongly encourage team work on these problem sets, but everybody has to submit their own assignment. They will be posted in the course's website. All problem sets should be typed out of respect for the TA's, yet graphs and algebra can be hand-written as long as they are clear and legible. (Please staple your assignment, as I am not responsible for missing pages in your problem sets.) You can use this as an opportunity to learn Latex if you like.

#### 5.2 Exams

There will be two midterms and one final exam.

The first midterm will be between Oct. 10 and Oct. 15.

The second midterm will be between Nov. 17 and Nov. 22.

The final exam will be Saturday, December 15 from 9:00 AM - 12:00 PM.

### 6 Grading policy and grading scale

The weights for the final score are described below. A letter grade will be assigned to you based on your weighted average and your performance relative to the rest of the class.

Assignment	Percentage of final grade
Problem sets	20%
Midterms	25% Each
Final exam	30%

## 7 Attendance

I will not take attendance, but (nearly) everyone will find it in their best interest to come to class. I will put lecture notes online, but I also plan to work through examples in class on the board.

## 8 Policies

Part of your responsibility as a UT student is to attend classes and take notes. This is an essential part of the learning process. I will post on the Canvas site some lecture materials, but not necessarily detailed lecture notes for every class.

The dates of the midterms, problem sets, and final are fixed. Problem sets are due either at the beginning of class or in my mailbox before the start of class. Missed exams generally will be treated as zeroes; only serious and substantiated medical or personal emergencies may be accepted as legitimate excuses for a missed exam. No exceptions will be made for athletes on the road, job interviews, or other non-academic activities. If you miss a midterm for a legitimate reason, then its weight will be shifted to the final. If a legitimate conflict arises with respect to the time of the final exam, I may shift the weight of the final to the midterms or I may allow you to take a make-up exam.

If you believe that your problem set or exam was graded incorrectly, you can ask me for a re-grade. The TAs cannot change a score, once it is assigned. You must submit your entire exam or problem set to me with a written explanation of the mistake you think occurred. I will then grade the entire exam or problem set again. Note that this procedure may actually lower your score as well as increase it.

Any student with a documented disability (physical or cognitive) who requires academic accommodations should contact the Services for Students with Disabilities area of the Office of the Dean of Students at 471-6259 (voice) or 471-4641 (TTY for users who are deaf or hard of hearing) as soon as possible to request an official letter outlining authorized accommodations.

Students who violate University rules on scholastic honesty are subject to disciplinary penalties, including the possibility of failure in the course and dismissal from the University. Since dishonesty harms the individual, fellow students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced.