

ECON 721 – Spring 2023
Professor Stan Rabinovich

ECON 721: Macroeconomic Theory II

Course objectives

This course is part of the first-year Ph.D. sequence, which is a stepping stone in the process of becoming a successful researcher and writing a good dissertation. The first-year core sequence has three objectives. The first objective is to provide students with the **tools** that are useful in conducting research in a wide range of topics in economics. The second objective is to provide students with the **breadth of knowledge** necessary to be an effective reader of economics literature, both in doing their own research and in evaluating the work of their peers. The third objective is to provide students with a **problem-solving mindset**, which is essential when faced with new and unfamiliar questions.

What are we studying?

This course will cover models that can be used to give quantitative answers to macroeconomic questions. We will discuss issues including business cycles, fiscal policy, monetary policy, consumption and saving, and the income and wealth distribution. On the technical/methodological side, we will cover tools such as recursive modeling, log-linear approximation of dynamic models, and models with heterogeneous agents. We spend a lot of time understanding the mechanics of the model, but also thinking about how to validate/refute an economic model using existing data.

What is expected of me?

This course relies heavily on problem-solving, analytical reasoning, and learning by doing. Student attendance and engagement are essential. The graduate program is designed to be intensive and challenging. I will assume a corresponding level of maturity and dedication that befits it.

Lectures: Tuesday & Thursday, 11:00 AM – 12:15 PM in Gardner 001.

Instructor: Stan Rabinovich.

Email: srabinov@email.unc.edu.

Office: Gardner 302.

Office hours: Time and day to be announced.

I am happy to meet with you outside the regular office hours. Please send me an email.

Recitation: Friday, 11:00 AM – 12:00 PM, in Gardner 001.

Teaching assistant: Jincheol Joo. Email: jcjoo@live.unc.edu.

Office hours: Wednesdays, 9:00-10:00 AM in Gardner 408.

Materials

The lectures and accompanying slides are the primary source of material.

There may be additional reading, but it will be rare. I do recommend that every student own a copy of Stokey & Lucas (1989), *Recursive Methods in Economic Dynamics*.

Homework

There will be weekly graded problem sets. These will usually be due on Thursday. Students are encouraged to work in groups and discuss the problem sets. However, each student must write and submit their own answers individually.

Recitation

Recitation time will be used as for a collaborative problem-solving session. In every recitation, you will be given one problem and work on it in small groups, then discuss it together with the TA.

Examinations

There will be two midterm exams and a final exam. The exams will be in class and will be closed-book. The final exam will be given on Friday, May 5, 12:00 – 3:00 PM.

Assessment

Homework	(10%)
Midterm Exam 1: Thursday, February 23	(25%)
Midterm Exam 2: Thursday, March 23	(25%)
Final Exam: Friday, May 5	(40%)

Honor code

The standard UNC honor code applies. See <https://studentconduct.unc.edu> for details.