EC 742: Applied Macroeconomics

Jianjun Miao

Spring 2004

Schedule  Tu 5:30-8:00pm, CAS 318

Office Hours  WF 2:30-4:00 pm or by appointment

Contact

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Course Web Page  The class material (syllabus, lecture notes, announcements, problem sets, additional readings) will be posted on Course Info. In order to access the course web page you can go to http://courseinfo.bu.edu/courses/04sprggrsec742_a1/. You will be asked to login. Use your BU username and Kerberos password. You can also access the web page directly through Student Link (simply click the course button).

Course Overview  This is a research seminar in aggregative economics with topics including dynamic general equilibrium theory; asset pricing and portfolio choice, dynamic contract theory and applications, and computational methods.
Textbooks  Teaching will be based on lecture notes that will be made available on the course web site. The following textbook is recommended, which is available in the BU bookstore.


Grades  Registered students will be evaluated according to four dimensions, with weights given below.

- Class participation (10%): Students will be expected to come to class and actively participate in discussion.

- Paper presentations (15%): Registered Students will make a 30 minute presentation of a research paper (typically a recently published paper or a working paper), drawn from a list provided by the faculty and following presentation guidelines given by Professor King in EC741. These presentations will be distributed throughout the semester.

- Computation project (25%): There will be several computation projects during the course. Students are required to form several three person groups. Each group will select a computation project and work on it independently. The final output must be a report which details the problems and computational methods. The computation code must also be handed in.

- Final examination (50%): To be determined.
COURSE OUTLINE

1 Heterogeneous Agents Pure Exchange Economies


- Levin, D. and W. Zame, Does Market Incompleteness Matter [09/25/01]


2 Asset Pricing

Stylized Facts and Standard Models


Heterogeneity and Incomplete Markets


Cross-Sectional Returns


- R. Bansal, Bob Dittmar and Chris Lundblad, 2002, Consumption, Dividends, and the Cross-Section of Equity Returns


- Gomes, Joao, Leonid Kogan and Lu Zhang, Equilibrium Cross Section of Returns Forthcoming, Journal of Political Economy

Corporate Finance and Agency Costs

- Gorton, G., J. Dow, and A. Krishnamurthy, Equilibrium Asset Prices under Imperfect Corporate Control, 2003


- Arvind Krishnamurthy, Collateral Constraints and the Amplification Mechanism, forthcoming in Journal of Economic Theory
3 Financial Market Imperfection, Development and Growth


4 Dynamic Contract Theory and Applications

Theory


• A. Marcet and R. Marimon, Recursive contracts, 1999, working paper.


**Optimal Social Insurance**


**Computation**


**Fiscal and Monetary Policy**

• S. Athey, A. Atkeson, and P. Kehoe, The optimal degree of discretion in monetary policy, FRBM, Staff report #326, 2003.


• Stefania Albanesi and C. Sleet, Dynamic Optimal Taxation with Private Information, June 2003

Corporate Finance


• Rui, Castro , Gian Luca Clementi and Glenn MacDonald, Investor Protection, Optimal Incentives, and Economic Growth, 2003


Unemployment Insurance


Asset Pricing


Business Cycles


