

5. ‘An Important Piece of Information can simply be regarded as the answer to a Question’ (Groups, come up with a question).

The best way to prepare for the macro exam is going through the typed lecture notes (chapters 1–8 excluding 3 on Blackboard plus ‘more-on-consumption’ and ‘testing monetary neutrality’ ($\times 2$)) and testing yourself in trying to recall what each section described by writing things down (e.g. equations (then try to explain the intuition behind the parts of the equations silently to yourself without reading the notes)) or giving a talk on a section (silently to yourself or with others in a study group) and then re-reading the section again to see what you left out. A great revision strategy would be to have someone else read a section or chapter and then quiz you on it. If you read widely, you could show that off or even test yourself further by trying to apply the concepts to something you read in the news, online, etc. Lecture slides 2, 9, 10 are most important lecture slides as most of their material is not contained in the notes; other slides mostly summarise material in the notes. Also see slides revision.pdf, mplslides.pdf and rbc.pdf. You have three weeks off before the exam period so even if you only wanted to study for one day, you should do these first.

For both micro and macro, the first thing you should do is to go over and make your own brief outline of the course topics. For macro, see Module Information on Blackboard.

The next and most important part of your revision should be doing and reviewing tutorial questions first and past papers second. For many tutorial questions, the answers are available on Blackboard (Tutorial Questions) and for which typed answers are unavailable online, we answered these during tutorials, so you should find classmates who have written down answers to these questions.

Attempt to solve past paper exams. This will be extremely beneficial part of your preparation for the exams. These exams are available on Blackboard and we will have answered most in class, so find students who wrote down notes on these questions if you do not have answers. For macro, papers that are relevant go back to 2008/2009. I highly recommend each of you to go through these including midterms.

Finally, ‘shooting for stars’ you can go back over primary and then extra reading material. Hopefully primary material will be revision rather than study.

While three weeks is a very long time by historical standards and in comparison to colleges elsewhere, if you really find yourself struggling with time to go over material, the most time-efficient source of revision material are the typed lecture notes. You can find these on Blackboard.

4 Sample Topics

- Consumption: Permanent Income Hypothesis (PIH) versus Keynes consumption function theory, implications of PIH; Euler equation and Transversality Condition (write down and explain intuition).
- Application: Mirlees, Optimal Taxation, Marginal versus Average Tax Rates.
- Early papers: Koo (Balance Sheet Recessions), Eggertson & Krugman (paradoxes of toil and flexibility, Fisherian Debt Deflation. . .), Woodford (Quantitative Easing).
- Monetary Policy: short and long term rates, testing monetary neutrality; Expectations Theory / Market Segmentations Hypothesis / Liquidity Premium: know formulae, calculate rates (problem sets).
- New Keynesian Economics: 3 equation model (3 equations will be given but need to know where they come from and intuition); propagation mechanisms (sticky prices, financial accelerator).
- RBC: propagation mechanisms (labour substitution, capital accumulation, financial accelerator); temporary vs persistent nature of shocks to A , NK vs RBC regarding cyclicity of labour productivity.
- Ramsey: notes (know chapter 7), find steady state.
- Financial Crisis: PS7, debt vs equity, concepts (slides 9 & 10), papers: Brunnermeier, Kashyap, Lane; bank’s asset sheet: leverage ratio (calculation), insolvency, money multiplier, monetary policy channels.
- Search Theory: notes (know chapter 8).