

Homework 3: A Referee Report. Due: 3/13

Read “Incomplete markets, growth, and the business cycle” by Angeletos and Calvet and write a referee report on the paper. Your report should contain:

- A short (less than one-page in type-writing) verbal description of the motivation and goal of the paper, the methods for achieving the goal, and the results.
- An evaluation. The evaluation should, in short, contain your views of the paper: whether the motivation is good, whether the methods are sound (and the results correct), and whether the results are important. Imagine that you are refereeing the paper for the B.E. Journals in Macroeconomics (see <http://www.bepress.com> and <http://www.bepress.com/bejm>): choose a rating too.

In your evaluation and description, please pay careful attention to how the paper relates to the results and literature discussed in class: (i) relate the paper to the aggregation theorem, (ii) discuss whether the paper lends itself to a recursive competitive equilibrium characterization of the kind studied in class and in the homework and, in particular, what role the asset market structure has in this context, and finally (iii) relate the implications for the wealth distribution and its effects on macroeconomic aggregates to the literature on wealth distribution.

The paper can be found on the course web page and also on Angeletos’s web page, <http://www.economics.harvard.edu/~gangelet/papers> (where the paper may exist in a newer version).