

Macroeconomics Term 1

Part 1: Franck Portier

I follow closely Lars Ljungqvist and Thomas Sargent textbook Recursive Macroeconomic Theory, Cambridge, Mass.: MIT Press, fourth edition.

Office hours: Wednesday, 16:00-17:00, Office 311

- Lecture 1 : Complete Markets (Chapter 8 in L&S)
- Lecture 2 : OLG Models (Chapter 9 in L&S)
- Lecture 3 : Ricardian Equivalence (Chapter 10 in L&S)
- Lecture 4 : Fiscal Policies in a Growth Model (Chapter 11 in L&S)
- Lecture 5 : Optimal Taxation with Commitment (Chapter 16 in L&S)

Part 2: Lukasz Rachel

References and readings:

- Lars Ljungqvist and Thomas Sargent, Recursive Macroeconomic Theory, Cambridge, Mass.: MIT Press, third edition. (LS)
- Nancy Stokey, Robert E. Lucas, and Edward C. Prescott, Recursive Methods in Economic Dynamics, Cambridge, Mass.: Harvard University Press, 1989. (SLP)
- Daron Acemoglu, Introduction to Modern Economic Growth, Princeton University Press, 2009. (A)

Preliminary list of topics:

Much of the material covered in the course is based on Ljungqvist and Sargent, fourth edition. Acemoglu is a particularly useful reference for continuous time analysis. Stokey, Lucas, Prescott offers a more rigorous and technical treatment.

Week 1: Introduction and key concepts; sequential problem (LS1, SLP 3; A 6.1 & 6.6)

Week 2: Dynamic programming (LS 3, 4, 6; SLP 4.1-4.2, 9.1-9.2; A 6.2 & 6.3)

Week 3: Optimization in continuous time (A7)

Week 4: Income fluctuations problem (LS17)

Week 5: GE with incomplete markets (LS18)