

# Syllabus & Reading List

## Inequality, Household Decisions and the Macroeconomy

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This document contains the provisional syllabus and reading list for this course. Content and timing might slightly change during the course as a function of our pace, my possibly evolving judgment on the ideal amount of material, and (for the last few lectures) your interests. However, at any point in time, all information up to the next week can be treated as final.

All literature will be classified either as **mandatory** or *recommended*. The crucial difference is that **mandatory** texts are more relevant to the course material and that the exam might contain questions on them. For all **mandatory** (and some *recommended*) texts I will add notes inside the PDF version of the papers I upload, to give you information on which parts should be given particular attention, and which parts can be safely ignored. These notes might also become more specific over time, but again, the latest one week before the relevant lecture they will be final. If a paper is shown neither as **mandatory** nor *recommended*, it means I haven't yet decided on its status (but will do so within one week of the relevant lecture).

There are three main reasons, why a text becomes *recommended*:

1. It really could be **mandatory**, but I don't want you to have too many of those. These papers might still be helpful to understand what we do in class from another angle.
2. Easy/fun/interesting reads, that can give very useful intuition and context for some aspects of the course, but have a too wide scope relative to the course material to ask fair exam questions on them.
3. It is an important paper, but contains a rather technical model or empirical analysis, and it is difficult to skip tough parts in a way that the rest becomes sufficiently easy to follow and still stays relevant. These papers are for reference for the curious.

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I'll denote these by numbers [1]-[3] so that you can decide more easily if you want to spend time with a particular *recommended* paper.

## 0 Introduction

- 3/21 — Introductory lecture

## 1 Julia

- 03/25 — Basics
- 03/26 — More basics and some numerical methods
- 03/27 — More numerics and working with data

## 2 Consumption Theory

*Friedman (1957) [2, but quite long]*

- 4/2 — Certainty and uncertainty with certainty equivalence  
**Campbell and Mankiw (1989)**, *Carroll and Summers (1991) [1]*
- 4/4 — Borrowing constraints  
**Zeldes (1989)**
- 4/9 — Seminar
- 4/11 — Solving models  
(none)

## 3 Consumption under Uncertainty

- 4/15 — Uncertainty, Precautionary savings  
**Carroll and Samwick (1998)**, *Carroll and Samwick (1997) [1]*, *Pratt (1964) [3]*, *Kimball (1990b) [3]*
- 4/17 — Precautionary savings and inequality  
*Carroll (1997) [1]*
- 4/23 — Seminar

## 4 Income Risk and Inequalities in Data

- 4/25 — Income and consumption inequality over the life-cycle  
**Storesletten et al. (2004)**
- 4/29 — Wealth inequality and the life-cycle  
**De Nardi (2004)**, *Huggett (1996)* [1]

## 5 Entrepreneurship

- 5/2 — Entrepreneurship and wealth inequality  
**Cagetti and De Nardi (2006)**, *Quadrini (2000)* [1,3]

## 6 Optimal taxation

- 5/6 — Inequality and optimal taxation  
*Domeij and Heathcote (2004)* [1]
- 5/8 — Seminar
- 5/13 — Entrepreneurship and optimal taxation  
*Guvenen et al. (2023)* [1,3]

## 7 Overview

- 5/15 — Overview lecture - Other causes of wealth inequality  
*De Nardi and Fella (2017)* [1,2], *Benhabib and Bisin (2018)* [2,3]
- 5/20 — Seminar

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