MACROECONOMICS FOR PHD STUDENTS I
(First Half)

This course is an introduction to macroeconomic theory. We will emphasize tools that are used in many macroeconomic problems as well as, in fact, numerous other areas of economics. In terms of applications, we will focus on the determinants of individual and aggregate consumption and savings in dynamic economies, but also study the behavior of investment and asset prices along the way.

The course is designed for doctoral students. It is the first part of the four-quarter sequence in macroeconomics for first year PhD students and will take place in the first half of the fall semester (9/18 – 10/30). Lectures are on Mondays 10:30-12 and Tuesdays 14:15-15:45 in KOL-H321. TA sessions, held by Carlo Zanella, are Thursdays 14:15-15:45 in SOF-G21. Office hours are by appointment in SOF-G13 (Scheuer) and SOF-H05 (Zanella).

Problem sets are an important part of this course. You are encouraged to work on them in groups but must turn in your own individual work. TA sessions will be devoted to the solution of the previous week’s problem set and sometimes extra material not covered in the lectures. The final exam (together with the second-quarter course, taught by David Hemous) will take place in class on Monday, December 18, 10-12 in KOL-E21. The final grade will be a weighted average of the problems sets and the final exam.

Materials

No book is required but I expect to make frequent use of the following:


This is the main book for dynamic programing, which will occupy part of the course.


This book has more emphasis on applications.

I will also distribute my own notes.
Topics

1. DYNAMIC EXCHANGE ECONOMIES
SLP chapter 2 and 15

2. COMPLETE MARKETS, RISK SHARING
LS chapters 8 and 13
SLP chapter 15
Mapping in General Equilibrium Models,” Princeton University Press, Chapter 4

3. NEOCLASSICAL GROWTH MODEL
SLP chapters 2 and 16
LS chapter 15

4. DYNAMIC PROGRAMMING UNDER CERTAINTY AND UNCERTAINTY
SLP chapters 4, 5, 8, 9 and 10
LS chapters 3 and 4

5. PRECAUTIONARY SAVINGS, INCOME FLUCTUATIONS PROBLEM
LS chapter 17
Aguiar, Mark and Erik Hurst (2005) “Consumption Versus Expenditure”, Journal of
John B. Taylor and Michael Woodford (eds.). Amsterdam: Elsevier Science [also
NBER working paper #6466]
Growth: Some New Evidence,” in Bernheim and Shoven (eds.), National Savings and
Economic Performance, Chicago, Chicago University Press
about Future Income,” Journal of Political Economy, 89, 974-1009

6. GENERAL EQUILIBRIUM WITH INCOMPLETE MARKETS
LS chapter 18

7. IMPERFECT INSURANCE WITH FRICTIONS
LS, chapters 20, 21 and 22

8. NON-STANDARD PREFERENCES

9. INVESTMENT