

REQUIRED TEXT

Ljungqvist, Lars and Thomas J. Sargent, *Recursive Macroeconomic Theory*, Cambridge: MIT Press.

BACKGROUND TEXTS

Adda, Jerome and Russell W. Cooper, *Dynamic Economics*, Cambridge: MIT Press.

Barro, Robert J. and Xavier Sala-i-Martin, *Economic Growth*, New York: McGraw Hill.

Blanchard, Olivier J. and Stanley Fischer, *Lectures on Macroeconomics*, Cambridge: MIT Press.

Farmer, Roger E., *The Macroeconomics of Self-Fulfilling Prophecies*, Cambridge: MIT Press.

Romer, David, *Advanced Macroeconomics*, New York: McGraw-Hill.

Sargent, Thomas J., *Dynamic Macroeconomic Theory*, Cambridge: Harvard University Press.

Stokey, Nancy L. and Robert E. Lucas, *Recursive Methods in Economic Dynamics* Cambridge: Harvard University Press.

COURSE OUTLINE

I. Introduction: The One-Sector Growth Model

1. Dynamic Programming and Hamiltonian
 - *Boileau*: A Child's Guide to Dynamic Programming
 - *Boileau*: A Child's Guide to Optimal Control Theory
 - *Ljungqvist and Sargent*: 2.A.1, 3.1
2. The One-Sector Neoclassical Growth Model
 - *Romer*: Chapter 2
 - *Blanchard and Fisher*: Chapter 2
 - *Ljungqvist and Sargent*: Chapter 15

II. Public Policy Issues in Representative Agents Growth Models

1. Taxation
 - *Ljungqvist and Sargent*: Chapters 10 and 11
2. Endogenous Growth
 - *Barro and Sala-i-Martin*: Chapters 4 and 5

III. Overlapping Generations Models

1. Discrete Time: OLG
 - *Romer*: Chapter 2 part B
2. Continuous Time: Perpetual Youth
 - *Banchar, O.*, 1985. Debt, Deficits, and Finite Horizon. *Journal of Political Economy* **93**.
 - *Blanchard and Fisher*: Chapter 3.3

IV. Dynamic Stochastic General Equilibrium Models

1. Dynamic Programming
 - *Ljungqvist and Sargent*: 2.1, 2.2, 2.4, 3.2
2. Equilibrium with Complete Markets
 - *Ljungqvist and Sargent*: 8.1 – 8.5, 8.8
3. Incomplete Markets and Self Insurance

V. International Macroeconomics

1. National Income Accounting
2. Intertemporal Trade
3. International Risk Sharing
4. The Transmission of Business Cycles

University Policies

You should familiarize yourself with the following University of Colorado policies:

ACCOMMODATION FOR DISABILITIES

All faculty assume responsibility for ensuring that their individual courses and content are accessible to all students. Please utilize principles of Universal Design when creating

