



## 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

