Goal and scope of the course

The course is meant as an introduction to the contemporaneous general-equilibrium approach to modelling heterogeneity in macroeconomics. In particular, it aims at providing the essential theoretical and quantitative tools needed to master some of the current workhorse models. Furthermore, a relatively broad overview of the most interesting and relevant contributions is provided.

Detailed program


Lecture 3: Heterogeneity under complete markets. References: Slide set #3*, Chatterjee (1994)*, Obiols-Homs and Urrutia (2005), and Carroll and Young (2009)*.

Lecture 4: Income fluctuations - Part I. References: Slide set #4*, Sections 5.2-5.4* (skip 5.4.3) in Krueger (2016), and Sections 18.3-18.5* in Ljungqvist and Sargent (2012).

Lecture 5: Income fluctuations - Part II. References: Slide set #5*, Sections 5.4* (skip 5.4.3) and 5.5* (skip Remark 35) in Krueger (2016), and Section 18.14 in Ljungqvist and Sargent (2012).

Lecture 7: Occasionally binding constraints - Part I. References: Slide set #7*, Sections 4.2-4.5* in Ljungqvist and Sargent (2012).

Lecture 8: Occasionally binding constraints - Part II. References: Slide set #8* and Rendahl (2015).


Lecture 10: Bewley-type models - Part II. References: Slide set #10*.

Lecture 11: Bewley-type models - Part III. References: Slide set #11*, Section 7.3 (in particular 7.3.3*) in Krueger (2016), and Section 4 in Guvenen (2011).

Lecture 12: The Krusell-Smith model. References: Slide set #12*, Section 18.15* in Ljungqvist and Sargent (2012), Sections 7.4.1-7.4.5 in Krueger (2016), and Sections 5-6 in Guvenen (2011).

The asterisk identifies the absolutely essential readings. The slides used in class will be made available online, and should be considered a study guide designed to help students find their way through the material.

References


Huggett, Mark (Sept. 1993). “The Risk-Free Rate in Heterogeneous-Agent Incomplete-Insurance Economies”. In: Journal of Economic Dynamics and Control 17.5-6, pp. 953–69. DOI: 10/fn753d.


