UNIVERSITY OF TORONTO
Department of Economics
ECO 2031H1F – Macroeconomic Theory II
Winter 2013

Instructor: Gueorgui Kambourov
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Time and Location: T R 9-11am, in GE 100.

Office Hours: Tuesdays, 11am-12 noon; and by appointment.

Grading: There will be homework assignments and a final exam. The homework assignments, however, will not be graded. The TA will hold optional tutorials that will be aimed at discussing the homework assignments and other problems in preparation for the final exam. The TA will sketch the solutions during the tutorial, and thus you are expected to work seriously on these assignments before the tutorial sessions.

The exam is scheduled for Thursday, February 14, 2013.

Textbooks:

- Stokey, N. L. and R. E. Lucas, with E.C. Prescott. *Recursive Methods in Economic Dynamics.* Harvard University Press, Cambridge, MA. 1989.

- Ljungqvist, L. and T. J. Sargent. *Recursive Macroeconomic Theory, 2nd Edition*. MIT Press, Cambridge, MA. 2004.

- Cooley, T. F. (ed). *Frontiers of Business Cycle Research*. Princeton University Press, Princeton, NJ. 1995.

Tentative Course Outline

1.   Infinitely-lived and OLG economies. Competitive Equilibrium and Pareto Optimality. Arrow-Debreu and Sequential Markets Formulations.

Kehoe, T. (1989). "Intertemporal General Equilibrium Models." In *The Economics of Missing Markets, Information, and Games*. Edited by F. Hahn, Oxford.

Ljungqvist and Sargent: Ch. 8 and Ch. 9.

2.   Dynamic Programming.

Stokey and Lucas with Prescott: Ch. 1, 2, 3, 4, 5, and 9.

3.   Applications.

Specific papers to be provided later in the course.