

**UNIVERSITY OF TORONTO**  
**Department of Economics**  
**ECO 2021H1F – Macroeconomic Theory I**  
**Fall 2015**

**Instructor:** Gueorgui Kambourov  
GE 202  
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**Time and Location:** M W 9-11am, in GE 100.

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

**Grading:** There will be homework assignments (32%) and a final exam (68%). The final exam is scheduled for Monday, October 26, 2015.

**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, 2<sup>nd</sup> 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.