

UNIVERSITY OF TORONTO
Department of Economics
ECO 2021H1F – Macroeconomic Theory I
Fall 2019

Instructor: Gueorgui Kambourov
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Time and Location: M 9-11am, in WW 121
W 9-11am, in GE 100

Tutorials: W 4-6pm, in FE 135

Office Hours: Wednesday, 11:30 am-12:30 pm; and by appointment.

Grading: There will be homework assignments (32%) and a final exam (68%). The final exam is scheduled for Monday, October 21, 2019.

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.