UNIVERSITY OF TORONTO
Department of Economics
ECO 2100H1F – Macroeconomic Theory I
Fall 2026

Instructor: Professor Gueorgui Kambourov
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Lectures: M, W 9-11am

Tutorials: Thursdays, 3-5pm

Office Hours: Mondays, 2-3pm; or by appointment

Grading: There will be homework assignments (32%) and a final exam (68%). The final exam is scheduled for Wednesday, October 21, 2026, 9-11am.

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, 4td Edition*. MIT Press, Cambridge, MA. 2018.

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. Heterogeneous-Agent Models with Incomplete Markets.

Ljungqvist and Sargent: Ch. 13 and Ch. 14.

4. Applications.

Specific papers to be provided throughout the course.