“Dynamic general equilibrium theory is a suitable organizing framework for macroeconomics provided one realizes that the welfare theorems that guarantee optimality of equilibrium are theorems and not tautologies.”


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Lectures: MW 9:40 - 11:00 a.m., Sproul 2206
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Description: This course examines the overlapping generations model, the Lucas Island model, various endogenous growth models, and the New Keynesian model. This course also covers dynamic optimization in continuous time and the analytical tool of a phrase diagram.


The following references are placed on the Rivera library reserve:
Discussion Section: There is a weekly discussion section held by Ekaterina Seregina. She will discuss the problem sets and answer your questions during these discussion sessions. It is imperative that you attend all TA sessions.

Grading:

- Problem Sets: 10%
- Midterm Exam: 35%
- Final Exam: 55%

- Part of the weekly problem sets will be graded. They would give you an idea about the types of questions that will appear on the midterm, final and cumulative exams.
- If you miss the midterm exam for any reason, then the final exam will count for 90% of your grade.
- The midterm exam is tentatively scheduled on Sunday May 5, 2019. The exact time and place will be announced later.
- The final exam is tentatively scheduled on Saturday June 8, 2019. The exact time and place will be announced later.
- There will be no alternate or make-up final exam.

Course Outline:

1. Overlapping Generations Models. (3 lectures)

   Farmer, Chapter 6.
   Azariadis, Chapter 7.4, 7.5 and 13.1.
   Blanchard and Fischer, Chapter 3.1 and 4.1.

2. Choice under Uncertainty. The Lucas Island Model. (3 lectures)

   Farmer, Chapter 8.
3. Sunspots in Overlapping Generations Models. (1 lecture)

Farmer, Chapter 9.

4. Neoclassical and Endogenous Growth Theories Revisited. (1 lecture)

Andersen and Moene, pp. 1-35.
Barro and Sala-i-Martin, Chapter 1, 2, 4 and 5.
Grossman and Helpman, Chapter 1 and 2.

5. Growth with Expanding Product Variety. (2 lectures)

Barro and Sala-i-Martin, Chapter 6.
Grossman and Helpman, Chapter 3.

6. Growth with Quality Ladders. (2 lectures)

Barro and Sala-i-Martin, Chapter 7.
Grossman and Helpman, Chapter 4.
7. New Keynesian Models. (6 lectures)

Gali, Chapter 1, 2, 3 and 4.


