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Macroeconomic Theory II
Preliminary Syllabus
CCER, Peking University
Spring 2013

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Instructor: Zhao Bo, Room 625, Tel: 627-58375, E-mail: zhaobo@nsd.edu.cn
Time and Location: Monday 15:10 - 18:00, Science Hall 301.

Office Hours: By appointment

Teaching Assistant: Tan Huaqing, E-mail: stdhuaqing@gmail.com
Textbook:
  Recursive Macroeconomic Theory, 2nd Edition, Ljungqvist and Sargent (**LS**)
  Macroeconomic Theory, Krueger, 2012 (**DK**)
Computation:
  Matlab, Fortran/C++
Grading: There will be 3-5 assignments, a midterm exam and a final. They will count toward the grade as follows.

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Assignments	50%
Midterm	20%
Final	30%.

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Exams: The tentative date for midterm exam is April 15th. The final exam will be on June 10th.
Acknowledgment:
  I should thank Gianluca Violante and Fabrizio Perri for generously sharing their lecture notes.

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Description of the Course

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The main objective of this course is to study macroeconomics with heterogenous agents/firms. These models departure from standard representative-agent complete-market models and provide useful framework to understand the topics such as income/wealth inequality, financial market and asset pricing, risk-sharing, and self-insurance, etc. This course also emphasizes the mapping between model and data. Useful numerical algorithms and calibration methods will be covered under some topics. The following is the preliminary course outline, which covers many broad topics. I may not fully commit to the plan, which also depends on the speed we proceed.

Part I: Complete Market Model

1. Aggregation

2. Distribution Dynamics.

Part II: Incomplete Market Model

1. Full Insurance, Permanent Income Hypothesis, Precautionary Saving, Income Fluctuation Problem

2. The Neoclassical Growth Model with Incomplete Markets without Aggregate Risk

3. The Neoclassical Growth Model with Incomplete Markets Adding Aggregate Risk

4. OLG Model and Lifecycle Economies