Macroeconomics II, Block 1
EUI, Spring 2019

Instructor: Árpád Ábrahám, Office VF034, Tel.: 2909, E-mail: Arpad.Abraham@eui.eu.

Time and Location: January 29, 11 a.m.; January 31, 11.00 a.m.,; February 5, 11 a.m.; February 7, 11.00 a.m.; February 12, 11 a.m.; February 14, 9.15 a.m.; February 19, 11.00 a.m., 3rd Floor Seminar Room.

Office Hours: Tuesday 15.00-16.30 or on sign-up sheet.

Teaching Assistants: Philipp Grubener.

Teaching Assistant Classes: February 1, 8 and 15: 13:30-15:00. February 22: 15:30-17:00. Office hours: TBA.

Exam: March 29, 10.00-13.00.

Course Overview: The first block of the second course in Macroeconomics focuses on the neoclassical growth model enriched by (ex post) heterogenous agents facing stochastic and idiosyncratic (income) shocks. We will see that when these shocks are uninsurable then the allocation will be different from the representative agent model. Hence, these models will provide us with tools to study several important questions like the interaction between the income, consumption and wealth dispersions and the distributional effects of different economic policies.

Readings: I will provide lecture notes extensively. The main background material is in L. Ljungqvist and T. J. Sargent: Recursive Macroeconomic Theory, The MIT Press, 3rd edition, 2012. If time allows we will review also a couple of research papers.

Grading: There will be 3 assignments throughout the first block. They will count toward the final grade as follows.

Assignments	10%
Final	90%

The assignments will consist of some modelling, analytical and numerical tasks. Basic knowledge of programming used in Macro I will be assumed. Simple Matlab codes will be provided and discussed during regular and/or exercise classes.

Course Website: There will be a course website in Moodle where I will post all relevant material (lecture notes, assignments and their solution, etc.). Login at
http://www.euiecomoodle.eu/login/index.php