Geld- und Fiskalpolitik Teil I, Part I: Syllabus

Dirk Krueger

Summer 2013

1 Organization

1.1 Organizational Details

- **Class Title:** Geld- und Fiskalpolitik Teil I: An Introduction to Macroeconomics with Household Heterogeneity

- **Times:** See table below

- **Readings:** I will provide slides and a manuscript. In addition I will rely on original articles. Please refer to the table of contents for the articles we plan to cover in detail, and to the bibliography of the lecture notes for further references

- **Suggested Background Reading:**

  1. Angus Deaton "Understanding Consumption" Oxford University Press, 1992

  2. Orazio Attanasio "Consumption, " in Handbook of Macroeconomics, Vol. 3B, Elsevier, 1999.

  3. J. Heathcote, K. Storesletten and G. Violante (2009), "Quantitative Macroeconomics with Heterogeneous Households," *Annual Review of Economics*, 1, 319-354.

  4. F. Guvenen (2012), "Macroeconomics with Heterogeneity: A Practical Guide," *Federal Reserve Bank of Richmond Economic Quarterly.*

1.2 Instructor

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- **Office:** Raum 314, 1. OG, Boltzmannstr. 20, Tel. +49 (30) 838-56631

- **Office Hours**: By appointment

1.3 Course Outline and Overview

This is a course in quantitative macroeconomics with heterogeneous households. It first covers basic models of a single household's intertemporal consumption (and labor supply) allocation decision under various assumptions about the life horizon and labor income process of the household as well as the capital market structure. In this course I will mainly focus on general equilibrium versions of these models as well as their applications to public finance and household finance. For details see the attached table of contents for the course.

1.4 Goal of the Course

I want to prepare you to write your first research paper and, eventually, a dissertation in this area, which is overlaps the fields of macroeconomics, labor economics and applied microeconomics. After having taken this course you will know how to write down dynamic consumption models, solve them (numerically, if required) in general equilibrium, map these models to the data and use them for applied policy question. I also hope expose you to open research questions in this area so that you, if you wish, can apply the techniques acquired and the substance studied in this course to start your own research agenda. **Most importantly, we want to have fun with this course!!!**

1.5 Course Requirements

The is a 60min exam, to be scheduled by the Prüfungsamt in July. Note that I have no influence on the date and time of the exam. I will discuss in class what you can expect in the exam.

2 Tentative Outline of the Course

Date	Topic	Notes	Date
Lecture 1	Introduction, Complete Markets (SCM) Background Literature above	Chapter 1-2	June 12, 16-18
Lecture 2	Complete Markets (SCM) Background Literature above	Chapter 3	June 13, 12-14
Lecture 3	Standard Incomplete Markets Model (SIM) in Part. Equil. Hall ('78), Kimball ('90), Carroll ('92), Deaton ('91), Zeldes ('89)	Chapter 4	June 19, 12-14
Lecture 4	SIM in GE with No Aggregate Risk Aiyagari ('94), Hopenhayn-Prescott ('92), Huggett ('93, '97)	Chapter 6.1	June 19, 16-18
Lecture 5	Applications of SIM to Personal Bankruptcy/Foreclosure Chatterjee et al. (2007), Jeske et al. (2012), Mitman (2012)	Chapter 6.2	June 20, 12-14
Lecture 6	Transition Analysis in SIM: Computation, Pub. Fin. Applications Rios-Rull ('99), Conesa-Krueger ('99), Domeij-Heathcote ('04)	Chapter 6.3	June 24 10-12
Lecture 7	GE with Aggregate Risk: Computation Krusell and Smith (1998), Krueger and Mitman (2013)	Chapter 6.4	June 25, 16-18
Lecture 8	GE with Aggregate Risk: Crises Applications Krusell and Smith (1998), Krueger and Mitman (2013)	Chapter 6.4	June 26, 10-12