

Université Paris Dauphine

**“Advanced macroeconomics”**

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The course will develop concepts and models that are highly used in macroeconomics and can be applied to a broad range of topics like price dispersion, unemployment, public finance, social insurance, money and credit, financial markets. The course will allow students to get familiar with dynamic programming and other formal tools that are key for the understanding and conduct of research in different macroeconomic and related fields. The course will follow specific chapters of Sargent and Ljungqvist (2012) and Adda and Cooper (2003). These contents will be illustrated with selected academic papers to provide the students with concrete examples of state-of-the-art macroeconomics research.

**Course Outline**

**Chapter 1. Competitive equilibria and market incompleteness**

Recursive equilibrium. Equilibrium with complete markets. Overlapping-generation models. Incomplete markets models. Equilibrium without commitment and endogenous borrowing constraints.

**Chapter 2. Monetary and labor economics**

Fiscal-monetary theories of inflation. Money and credit. Search and matching models of the labor and goods markets. Equilibrium price dispersion.

**Chapter 3. Financial markets and the macroeconomy**

Financial fragility. Liquidity crises. Asset bubbles and crashes.

**Textbooks**

Adda, J. and Cooper, R., *Dynamic Economics*, MIT Press, 2003.

Ljungqvist, L. and Sargent, T., *Recursive Macroeconomic Theory*, 3rd ed, MIT Press, 2012.