

UNIVERSITY OF COLORADO  
Department of Economics

## REQUIRED TEXT

Ljungqvist, Lars and Thomas J. Sargent, *Recursive Macroeconomic Theory*, Cambridge: MIT Press.

## BACKGROUND TEXTS

Adda, Jerome and Russell W. Cooper, *Dynamic Economics*, Cambridge: MIT Press.

Barro, Robert J. and Xavier Sala-i-Martin, *Economic Growth*, New York: McGraw Hill.

Blanchard, Olivier J. and Stanley Fischer, *Lectures on Macroeconomics*, Cambridge: MIT Press.

Farmer, Roger E., *The Macroeconomics of Self-Fulfilling Prophecies*, Cambridge: MIT Press.

Romer, David, *Advanced Macroeconomics*, New York: McGraw-Hill.

Sargent, Thomas J., *Dynamic Macroeconomic Theory*, Cambridge: Harvard University Press.

Stokey, Nancy L. and Robert E. Lucas, *Recursive Methods in Economic Dynamics* Cambridge: Harvard University Press.

# COURSE OUTLINE

## I. INTRODUCTION: TWO-PERIOD ECONOMIES

### 1. A Pure Exchange Economy

- Boileau, Lecture Notes Sections 1 to 4
- Farmer: Chapter 4

### 2. A Production Economy

- Boileau, Lecture Notes Sections 5 and 6

## II. DYNAMIC PROGRAMMING AND APPLICATIONS

### III. DYNAMIC GENERAL EQUILIBRIUM

1. Equilibrium with Complete Markets
  - Ljungqvist and Sargent: Chapter 8
2. Incomplete Markets and Self Insurance
  - Ljungqvist and Sargent: Chapters 17 and 18
3. Asset Pricing Theory
  - Ljungqvist and Sargent: Chapter 13
4. Search and Matching
  - Ljungqvist and Sargent: Chapters 6 and 28

## University Policies

You should familiarize yourself with the following University of Colorado policies:

1. University policies regarding classroom behavior are available at  
<http://www.colorado.edu/policies/classbehavior.html>
2. University policies regarding disabilities are available at  
<http://www.colorado.edu/disabilityservices>.
3. University policies regarding religious practice are available at  
[http://www.colorado.edu/policies/fac\\_relig.html](http://www.colorado.edu/policies/fac_relig.html).
4. University policies regarding Sexual Harassment and Amorous Relationships are available at  
<http://www.colorado.edu/odh/>.
5. Information regarding the Honor Code Council is available at  
<http://www.colorado.edu/policies/honor.html>  
<http://www.colorado.edu/academics/honorcode/>.