

# Macroeconomics 3:

## *Heterogeneity in Macroeconomics*

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### GOAL AND SCOPE OF THE COURSE

The course is meant as an introduction to the contemporaneous general-equilibrium approach to modelling heterogeneity in macroeconomics, In particular, it aims at providing the essential theoretical and quantitative tools needed to master some of the current workhorse models. Furthermore, a relatively broad overview of the most interesting and relevant contributions is provided.

### DETAILED PROGRAM

**Lecture 1: Cross-sectional facts for macroeconomists.** References: Slide set #1\*, Krueger et al. (2010)\*, Guvenen and Kaplan (2017), Guvenen, Karahan, et al. (2015), Song et al. (2019), Guvenen, Ozkan, and Song (2014), Saez and Zucman (2016), Piketty and Saez (2003), Heathcote, Perri, and Violante (2010), Jappelli and Pistaferri (2010), Stone et al. (2018), and D'Alessio (2012).

**Lecture 2: Aggregation.** References: Slide set #2\*, Section 1\* in Guvenen (2011), Section 5.2\* in Acemoglu (2008) (download from [http://press.princeton.edu/chapters/s5\\_8764.pdf](http://press.princeton.edu/chapters/s5_8764.pdf)), L. Maliar and S. Maliar (2003)\*, and Kirman (1992)\*.

**Lecture 3: Heterogeneity under complete markets.** References: Slide set #3\*, Chatterjee (1994)\*, Obiols-Homs and Urrutia (2005), and Carroll and Young (2009)\*.

**Lecture 4: Income fluctuations - Part I.** References: Slide set #4\*, Sections 5.2-5.4\* (skip 5.4.3) in Krueger (2016), and Sections 18.3-18.5\* in Ljungqvist and Sargent (2012).

**Lecture 5: Income fluctuations - Part II.** References: Slide set #5\*, Sections 5.4\* (skip 5.4.3) and 5.5\* (skip Remark 35) in Krueger (2016), and Section 18.14 in Ljungqvist and Sargent (2012).

**Lecture 6: Markov chains.** References: Slide set #6\*, Section 2.2\* in Ljungqvist and Sargent (2012), Tauchen (1986)\* (skip Section 3).

**Lecture 7: Occasionally binding constraints - Part I.** References: Slide set #7\*, Sections 4.2-4.5\* in Ljungqvist and Sargent (2012).

**Lecture 8: Occasionally binding constraints - Part II.** References: Slide set #8\* and Rendahl (2015).

**Lecture 9: Bewley-type models - Part I.** References: Slide set #9\*, Section 18.2\* in Ljungqvist and Sargent (2012), Huggett (1993), Aiyagari (1994), Section 3 in Guvenen (2011).

**Lecture 10: Bewley-type models - Part II.** References: Slide set #10\*.

**Lecture 11: Bewley-type models - Part III.** References: Slide set #11\*, Section 7.3 (in particular 7.3.3\*) in Krueger (2016), and Section 4 in Guvenen (2011).

**Lecture 12: The Krusell-Smith model.** References: Slide set #12\*, Section 18.15\* in Ljungqvist and Sargent (2012), Sections 7.4.1-7.4.5 in Krueger (2016), and Sections 5-6 in Guvenen (2011).

The asterisk identifies the **absolutely essential** readings. The slides used in class will be made available online, and should be considered a study guide designed to help students find their way through the material.

## References

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