

(Introduction to) Ph.D. Course in:
MACROECONOMICS (Third term, 2017-2018)

Instructor:

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Aims: The aim of this module is to provide students with a survey of some relevant aspects of modern dynamic macroeconomic theory. The module will help students develop analytical and technical skills for research in dynamic macroeconomics. The lectures focus on the main analytical issues. The classes cover techniques in more detail.

Textbooks: There is no single textbook for this module. However, lectures will refer to textbooks such as G. McCandless (2008) *The ABC of RBC*, Harvard University Press; B. Heijdra (2017). *Foundations of Modern Macroeconomics*. Oxford University Press (Comprehensive book ranging from topics typical of a final year undergraduate to others pertaining to Ph.D. courses); Obstfeld, M., and K. Rogoff (1996): *Foundations of international macroeconomics*. MIT Press, Cambridge, MA and London.

Good books useful for the whole course are:

G. McCandless (2008) *The ABC of RBC*, Harvard University Press.

José Luis Torres (2014) *Introduction to Dynamic Macroeconomic General Equilibrium Models*, Vernon Press

Prerequisites: Students of this module are assumed to be familiar with an intermediate macroeconomic course at the undergraduate level, taught on textbooks such as

O. Blanchard (2011): *Macroeconomics*, Prentice Hall; R. Dornbusch;

S. Fischer and R. Startz (2002): *Macroeconomics*, McGraw Hill.

Students are assumed to be able to deal with linear equations systems using linear algebra, and to be familiar with the basics of the systems of linear difference equations.

Lecture plan and reading list: Lectures will broadly follow the topics in the order given in the outline, although adjustments are possible as the course proceeds. The reading list includes both essential readings, denoted by a star, and optional readings for further understanding of the topics.

I. Reprise of the Solow model (lecture 1)

* Mc Candless, Chapter 1.

II. Exogenous economic growth: the Ramsey Model (lecture 2-3)

* Mc Candless, Chapter 3

III. The dynamic programming approach to growth theory: an introduction (lecture 4)

* G. Femminis, “From simple growth to numerical simulations: A primer in Dynamic Programming”, (2016) available at: <https://ideas.repec.org/p/ctc/serie1/def050.html>
(new version with detailed hints for the exercises and Matlab routines)

IV. Endogenous growth theory (lecture 5)

* Heijdra Chapter 14.

* Obstfeld and Rogoff (1996), Chapter 7.

V. A dynamic investment model based on Tobin's q (lecture 6)

* Heijdra, Chapter 4

VI. An introduction to dynamic consumption theory (lecture 7)

* Lecture Notes, Obstfeld and Rogoff (1996), Chapter 5.

Lecture 8 will be devoted to the discussion of the solution of the exercises proposed during the classes