UCLouvain

lecon2122

2022

Advanced Macroeconomics II : Growth, Dynamics and Policy

5.00 crédits	30.0 h + 6.0 h	Q2

Enseignants	Oikonomou Rigas ;
Langue d'enseignement	Anglais
Lieu du cours	Louvain-la-Neuve
Thèmes abordés	The following topics will be covered : Part I: The overlapping generations approach to capital accumulation Competitive equilibria & Optimality Policies: pensions, public debt, fiscal policy Education, altruism Part II: Infinite horizon models of economic growth Endogenous growth theory, an introduction Technological progress, the "embodiment controversy" and growth Schumpeterian models of economic growth and fluctuations
Acquis d'apprentissage	**A la fin de cette unité d'enseignement, l'étudiant est capable de :**
	1 The aim of this course is to teach to the students how and when to use the building blocks of modern growth theory. These are taken from two different approaches: the first one considers that agents have an infinite hori-zon. The second one analyzes the case of an economy in which agents have finite lives (overlapping genera-tions models).

Bibliographie	Main TextBook- Lars Ljungqvist and Thomas J. Sargent (2012) Recursive Macroeconomic Theory**, MIT Press, 3rd Edition**
	
	  1. **Dynamic Programming: Solving the Stochastic growth model through value function Iteration.**
	Slides and Lecture Notes and the Ljungqvist-Sargent book are the main sources of reading.
	
	  1. **Models of Heterogeneous agents without aggregate risk: Theory**
	*Aiyagari, R. 'Uninsured Idiosyncratic Risk and Aggregate Saving' The Quarterly Journal of Economics, Vol. 109, No. 3. (Aug., 1994), pp. 659-684
	Huggett Mark (1993) 'The Risk-Free Rate in Heterogeneous-Agent Incomplete-Insurance Economies' Journal of Economic Dynamics and Control 17, 953- 969
	Lars Ljungqvist and Thomas J. Sargent (2012) Recursive Macroeconomic Theory**, MIT Press, 3rd Edition**
	
	  1. **Models of Heterogeneous Agents without Aggregate Risk: Applications**
	
	  1. **Wealth Distribution:**
	*Huggett Mark (1996) 'Wealth Distribution in Life-Cycle Economies', Journal of Monetary Economics 38, 469-94
	*De Nardi M-C. 'Wealth Inequality and Intergenerational Links' . Review of Economic Studies, July 2004, vol. 71, n. 3, pages 743-768
	*Castaneda, A. Diaz- Jimenez, J and Rios Rull,J (2003). 'Accounting for the US Earnings and Wealth Inequality' Journal of Political Economy, 4 818-857
	*Cagetti, M. de Nardi M-C. (2006) Entrepreneurship, Frictions, and Wealth Journal of Political Economy, October, vol. 114, n. 5, pages 835-870
	
	  1. **Income and Consumption Inequality.**
	*Storesletten, Kjetil & Telmer, Christopher I. & Yaron, Amir, 2004. "Consumption and risk sharing over the life cycle," Journal of Monetary Economics, Elsevier, vol. 51(3), pages 609-633, April.
	Kaplan, G. and Violante, G. How Much Consumption Insurance Beyond Self-Insurance? American Economic Journal: Macroeconomics, Vol. 2(4), October 2010, 53-87
	*Heathcote, J. Storesletten and Violante, G. The Macroeconomic Implications of Rising Wage Inequality in the United States, Journal of Political Economy, University of Chicago Press, vol. 118(4), pages 681-722, 08.
	
	  1. **Fiscal Policies: Taxation of Heterogeneous Households.**
	  2. **Capital and Labor Taxation.**
	Juan Carlos Conesa and Dirk Krueger (2006). On the optimal progressivity of the income tax code. Journal of Monetary Economics, 53(7):1425-1450.
	*Juan Carlos Conesa, Sagiri Kitao, and Dirk Krueger. Taxing Capital? Not a Bad Idea after All! American Economic Review, 99(1):25-48, March 2009.
	*David Domeij and Jonathan Heathcote. On the Distributional Effects of Reducing Capital Taxes. International Economic Review, 45(2):523{554, 2004.
	Andres Erosa and Martin Gervais. Optimal Taxation in Life-Cycle Economies. Journal of Economic Theory, 105(2):338-369, 2002.
	Nezih Guner, Remzi Kaygusuz, and Gustavo Ventura (2012 a). Taxation and Household Labor Supply. Review of Economic Studies, 79(1):1-37, January
	Nezih Guner, Remzi Kaygusuz, and Gustavo Ventura (2012 b). Taxing women: A macroeconomic analysis. Journal of Monetary Economics, 59(1):111-128, January
	Davila, J., Jong J.H., Krusell, P. and Ríos Rull, J.V. Constrained Efficiency in the Neoclassical Growth Model with Uninsurable Idiosyncratic shocks Econometrica**.**
	5. Models of Heterogeneity with Aggregate Risk. Theory and Applications
	a) Theory
	Krusell, P., Smith Jr., A.A., 1998. Income and Wealth Heterogeneity in the Macroeconomy, Journal of Political Economy Vol. 106, No. 5 (October 1998), pp. 867-896
	b) Welfare Costs of Business Cycles.
	De Santis, M., 2007, Individual Consumption Risk and the Welfare Cost of Business Cycles, American Economic Review 97(4): 1488-1505.
	Krusell, P., Mukoyama T., Sahin, A., and Smith A. J (2009) 'Revisiting the welfare effects of eliminating business cycles' Review of Economic Dynamics 12 (2009) 393–404
	Krusell, P., Smith Jr., A.A., 1999. On the welfare effects of eliminating business cycles. Review of Economic Dynamics 2, 245–272.
	c) Hours and Labor Wedges.
	Chang Y and Kim S-B (2007). Heterogeneity and Aggregation: Implications for Labor-Market Fluctuations, American Economic Review, 97 (5), 1939-1956.

Faculté ou entité en charge:	ECON

Programmes / formations proposant cette unité d'enseignement (UE)

Intitulé du programme	Sigle	Crédits	Prérequis	Acquis d'apprentissage
Master [120] en sciences économiques, orientation économétrie	ETRI2M	5		🔍
Master [120] en sciences économiques, orientation générale	ECON2M	5		🔍