



Course: Macroeconomics III
Faculty: Francesc Obiols
Term: Spring
Module: Economics II
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Office Hours: TBA

Description:

Modern Macroeconomics is based on the idea that observations from reality are the result of decisions and actions of rational agents interacting in markets, so that what we observe are equilibrium processes. Understanding these equilibrium processes, formulating policy recommendations, and assessing the feedback of those policies on the equilibrium are key issues in Macroeconomic Theory.

Objective:

The aim of this course is to extend the basic set of economic models that are broadly used to understand relevant issues in aggregate economics, and the convenient tools required for its analysis. After revising the infinitely lived agents model, our main goal is to introduce the overlapping generations model and to develop a few of its applications in fiscal and monetary policy.

Outline:

1. The basic OLG model for an exchange economy. Equilibrium and efficiency.
2. Social Security.
3. The OLG model with production. Equilibrium and dynamic inefficiency.
4. Applications to fiscal and monetary policy.



**Graduate
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References:

- Blanchard, O.J., and S. Fischer (1989): Lectures on Macroeconomics, MIT press.
- Krueger, D., Macroeconomic Theory, available online.
- Ljungqvist, L., and T. J. Sargent (2000): Recursive Macroeconomic Theory, The MIT Press.

Grading:

There will be problem sets which are intended to put at work the ideas introduced in class. Students are highly encouraged to discuss these exercises to detect difficulties and to develop their expertise in solving them.