A Course in Modern Macroeconomics: Heterogeneity and Fluctuations

José-Víctor Ríos-Rull
University of Oslo

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E-mail: vr0j@upenn.edu   Web: **www.sas.upenn.edu/ vr0j/**

Course Description

This is short course on Modern Macroeconomics. It will discuss a few topics. I plan to have six sessions.

1. Introduction Main Questions in Macro. Why Heterogeneity.

2. The General Macro Model with Heterogeneity: A stationary Aiyagari Economy. Rationales for Inequality.

3. Towards a joint Theory of Earnings and Wealth: Wage determination.

4. (Unsecured) Credit.

5. Housing and its Finances.

6. Crisis triggered by Credit Problems: Endogenous Productivity. Reallocation of Resources. Wage determination.

This is a course with the aim of both opening a window into parts of modern quantitative macroeconomics and an invitation to join. I will discuss why heterogeneity is important and how to implement it. In particular we will look at how to advance in getting wages (including relative wages) to be an output of the model. We will also look at housing and household leverage, how to think of what it does to people and how it shapes aggregates. We will also worry about how to model fluctuations and in particular what could be its causes.

The course is also going to be flexible, this is, it will respond to the needs and interests of the participating students. The whole point is for attendants to get something out of it.

Finally, throughout the course I will put special emphasis on discussing what is a research project, how we use models to answer quantitative questions and how to interpret the outcome of models.

Required Materials

- Will be available in the homepage above. Including any Slides that I may use.

Prerequisites/Corequisites

- Some Graduate Work in Economics.

- Curiosity.

Course Objectives

Successful students:

1. Will be able to see heterogeneity as a feature to embrace in practicing Macro.

2. Will be able to implement it in a Model.

3. Will have a strategy to plan the calculation of non stationary allocations.