GRADUATE – Disciplines Menu
Doctorate and Masters in Economics

DISCIPLINE: Macroeconomic Theory III ACRONYM: TMA3	CODE: MDPTEC007
PROFESSOR: Ricardo de Oliveira Cavalcanti	WORKLOAD: 40h CREDIT HOURS: 4
MANDATORY: ☒ YES ☐ NO	COURSE: ☐M ☐D ☒MD
PRE-REQUISITES:	
AREA OF CONCENTRATION: ECONOMIC THEORY	

SUMMARY

Course of Macroeconomic Theory III

The course of Macroeconomic Theory III aims at exposing the student to general equilibrium models with heterogeneous agents and to the mechanism design approach used in monetary theory. In addition, during the course computational techniques for the numerical implementation of models that use recursive methods will be presented.

Evaluation:
There will be two exams, each corresponding to 40% of the final grade. The lists will add up the remaining 20% of the final grade.

OBJECTIVES

BIBLIOGRAPHY

We will not follow any specific book. The topics covered can be found in the articles below. New topics may arise during the course, in which case the appropriate bibliography will be mentioned in class.

- Aiyagari, R. (1994). Uninsured Idiosyncratic Risk and Aggregate Saving. The Quarterly Journal of Economics.
- Bertolai, Jeferson; Cavalcanti, Ricardo; Monteiro, Paulo Klinger (2014). Run theorems for low returns and large banks. Economic Theory.
- Diamond, Douglas W., and Dybvig, Philip H. (1983). Bank runs, deposit insurance, and liquidity. Journal of Political Economy.
- Huggett, M. (1993). The risk-free rate in heterogeneous-agent incomplete insurance economies. JEDC.
- Kiyotaki, N and RandallWright (1989). On Money as a Medium of Exchange. Journal of Political Economy.
- Kydland, Finn and Edward Prescott (1982). Time to Build and Aggregate Fluctuations, Econometrica.
- Lucas, Robert (1978). Asset Prices in an Exchange Economy, Econometrica.

- Wallace, Neil (1988). Another Attempt to Explain an Illiquid Banking System: The Diamond and Dybvig Model With Sequential Service Taken Seriously. Quarterly Review.
- Wallace, Neil (1992). Lucas's signal-extraction model: A finite state exposition with aggregate real shocks, Journal of Monetary Economics.