

Stockholm Doctoral Course Program in Economics, Econometrics and Finance (SDPE)
Spring 2025
Macroeconomics I (Second Half)

The syllabus contains essential information about schedules, assignments, and exams. There are ten lectures (L1-L8) and seminars (S1-S3). The exam is on 26th March.

- [Instructor Information](#)

- Sampreet Singh Goraya: E-mail: sampreet.goraya@hhs.se
- Lectures: 8
- Office hours: Friday 4-5pm (zoom/in-person)

- [Teaching Assistant Information](#)

- Zhaoqin Zhu E-mail:
- Tutorial: 3 – 7th March (1 TA sessions), 14th March (2 TA sessions)
- Office hours: TBD

Course Material:

- Chapter 8,9,10: Ljungqvist, L., & Sargent, T. J. Recursive macroeconomic theory. MIT press.

Grading. The course grade will be based on the final exam. A passing grade requires that all problem sets have been handed in. While students are encouraged to cooperate on problem sets, they must hand in their own uniquely written assignment.

Overview: In the second part of Macro I, we focus on the characterization and properties of competitive equilibrium in the complete market economy with infinitely-lived agents. We discuss a model with a heterogeneous agent in an overlapping generations framework.

Course Schedule and Outline

Topic 1: Equilibrium with Complete Markets

Lectures 1-5

This topic starts by describing a complete market economy with infinitely-lived agents with stochastic endowments. These are useful for understanding risk sharing, asset pricing and consumption. We discuss time 0 trading and sequential trading. We will discuss consumption allocation under these two types of trading. We prove both systems have identical consumption allocations.

- Chapter 8: Ljungqvist, L., & Sargent, T. J. Recursive macroeconomic theory. MIT press.

Topic 2: Overlapping Generations: Heterogeneous agents with life-cycle perspective

Lectures 6-8

We start by describing the OLG model as a special case of the complete market model studied in Topic 1 and all trading occurring at time 0. We expect to see that competitive equilibrium might not be Pareto efficient. We expect to see multiple equilibria. We then move to sequential trading.

- Chapter 9: Ljungqvist, L., & Sargent, T. J. Recursive macroeconomic theory. MIT Press.

Problem Sets

1. PS1: Exercise 8.3, 8.4, and 8.5 of RMT chapter 8
2. PS2: Exercise 8.6, 8.7, and 8.17 of RMT chapter 8
3. PS3: Exercise 9.1, 9.2, and 9.5 of RMT chapter 9