

IWH-DPE/CGDE

Professor Dr Winfried Koeniger

(Swiss Institute for Empirical Economic Research, University of St. Gallen)

winfried.koeniger@unisg.ch

30 October to 3 November 2017

FRONTIERS IN MACROECONOMICS

Dynamic Macroeconomics with heterogeneous Agents: Solution Methods and Applications

Course outline

Many interesting economic problems in macroeconomics have to be analysed under the empirically plausible assumption that markets are incomplete so that agents are heterogeneous. Analysing these problems with dynamic stochastic equilibrium models requires numerical approximation. This course introduces PhD students to methods which allow such numerical approximation. These methods are then applied to solve and simulate workhorse models for economies with incomplete markets. Participants will also learn about stylized empirical facts which are then interpreted and analysed with formal models.

The exam will be a term paper.

The course deals with the following topics:

1. dynamic programming
 - introduction
 - some solution methods
2. application to models with exogenously incomplete markets
 - stylised facts and puzzles
 - the life-cycle model with exogenous market incompleteness
 - liquidity constraints
 - precautionary savings
 - computation of equilibrium
 - joint analysis of durable and non-durable consumption
 - the role of non-separable preferences
 - adjustment costs
 - durables as collateral
 - debt and bankruptcy
3. models with endogenous market incompleteness
 - limited commitment
 - asymmetric information

Venue

Halle Institute for Economic Research (IWH) – Member of the Leibniz Association, Kleine Maerkerstrasse 8, 06108 Halle (Saale), Germany, conference room (ground floor)

Registration

Please contact Annett Hartung, Phone: +49 345 7753 751, e-mail: annett.hartung@iwh-halle.de, until 15 September 2017.

The course is designed for at most 25 participants.