

Benjamin Moll

106 Fisher Hall
Email: moll@princeton.edu

Overview: This is a graduate course in the first year macroeconomics field. I will teach the first six weeks and Esteban Rossi-Hansberg the second six weeks.

Organization: The class meets on Mondays and Wednesdays from 10:40am to 12:10pm in Fisher B06. A preliminary syllabus is attached. The material may change throughout the course. There will be weekly precepts at a time to be determined. The preceptors are **Dmitry Mukhin** (mukhin@princeton.edu) and **Justin Weidner** (jweidner@princeton.edu). Finally, I will hold weekly office hours.

Grading: Your grade for my part of the course will be based on five problem sets, counting for 30% of the grade, and a midterm exam, counting for 70%. The grading for Esteban's part of the course will most likely use the same split.

Books: the following two books are recommended, i.e. they are good books to own. However, we will not really use them so that you don't need to buy them (Esteban will likely draw on SLP more than LS).

- Stokey, Nancy, Robert E. Lucas Jr. and Edward C. Prescott (1989), "Recursive Methods in Economic Dynamics"
- Ljungqvist, Lars and Thomas J. Sargent (2004), "Recursive Macroeconomic Theory" (entire book is online <http://www.econ.yale.edu/smith/econ525a/sargent3.pdf>)

1. Some Basics

2. The Growth Model: Theory

3. The Growth Model and the Data

- Acemoglu, Daron (2008), Chapter 3, "The Solow Model and the Data", in "Introduction to Modern Economic Growth"
- King, Robert, and Sergio Rebelo. 1993. "Transitional Dynamics and Economic Growth in the Neoclassical Model." *The American Economic Review*, 83(4): 908–931
- Chen, Kaiji, Ayse Imrohoroglu, and Selahattin Imrohoroglu. 2006. "The Japanese Saving Rate." *American Economic Review*, 96(5): 1850–1858

4. Policy Analysis in the Growth Model (Capital Taxation)

- Chamley, Christophe, "Optimal Taxation of Capital Income in General Equilibrium with Infinite Lives," *Econometrica*, 1986, 54 (3), pp. 607–622.
- Judd, Kenneth L., "Redistributive taxation in a simple perfect foresight model," *Journal of Public Economics*, 1985, 28 (1), 59 – 83
- *Straub, Ludwig and Ivan Werning (2014), "Positive Long Run Capital Taxation: Chamley-Judd Revisited"

5. Adding Growth to the Growth Model

6. Income and Wealth Distribution in the Growth Model

- Chatterjee, S. (1994), "Transitional dynamics and the distribution of wealth in a neoclassical growth model" *Journal of Public Economics* 54:97-119
- Caselli, Francesco and Ventura, Jaume (2000). "A Representative Consumer Theory of Distribution" *American Economic Review*, September, 90(4), pp. 909-996.
- Jones, Chad (2014), "The Macroeconomics of Piketty"

7. New Keynesian Model