Credit, Money and Banking: Syllabus

This course is the first part of the Credit and Money sequence. In the first year you learnt how to understand the basic theory and how to read papers. The goal of this course is to learn how to write papers in macroeconomic theory addressing important issues in real economies. We will study in great detail the essential theoretical topics and tools of modern macroeconomics and apply them to models and numerical simulation in MATLAB.

We will study optimal contracts in asymmetric information models, first in partial and then in general equilibrium. Understanding contracts is the first step to analyze credit markets and their functioning outside the Arrow-Debreu world. Then we will focus on real effects of monetary policy in economies with frictions related to information, limited commitment and limited participation. Finally, we will analyze equilibrium search models and institutions in politico-economic equilibria. From the reading list below we will cover only the most relevant and important papers for each topic. Stokey, Lucas, and Prescott (1989) is the main textbook for this course.

There will be two lectures per week on Mondays and Thursdays. The grade will be based on problem sets (30%), a midterm (30%) and a final exam (40%). The policies related to student conduct will be strictly enforced.

Topics


Politico-economic equilibrium Krusell, Quadrini, and Rios-Rull (1997).

Textbooks


Reading List


