Reading List for ECON 602

1. **Review of Discrete-Time Dynamical Systems**

   first-order, second-order (linear), non-linear, linearization techniques, brief introduction to complex dynamics, cycles, and chaos

   ♣ "A Methodological Approach to Chaos: Are Economists Missing the Point?" by Alison Butler

2. **Overlapping Generations Model – Pure Exchange**

   Lessons from the simple two-period life-cycle model, demographic structure of OLG models, discussion of preferences, inter and intra-generational trade, CE = PO?: optimality, Samuelson and Classical case economies.

   * T. Sargent *Dynamic Macroeconomic Theory*, Chapter 7
   * C. Azariadis Chapters 11.1, 12

3. **Overlapping Generations Model – Pure Exchange with Money**

   OLG models with money: steady state, indeterminacy, monetary equilibria, valuation of money, dynamics, cycles

   * Sargent *DMT* Chapter 7

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1 Readings with a “*” are required material while those with a “♣” are recommended.
4. Overlapping generations models with production (and money)

Setup of the Diamond (1965) model, review of production functions, factor pricing, existence and multiplicity of equilibria in the Diamond model; steady states, stability analysis, comparative statics; policy experiments in the Diamond model: social security, public debt, tax mix between labor and capital taxes.


5. Models of Financial Intermediation


6. Credit Rationing and Credit Markets


7. Income Distribution


8. Political Economy

The median voter paradigm; tax rates, old versus young; social security