General Equilibrium Foundations of Finance and Macroeconomics

CRN: 11611
Course Number: 530
Department (unused): ECON
Description: The course gives a careful mathematical description of the general equilibrium underpinnings of the main models of finance and the new macroeconomics of collateral and default. Part I is a review of Walrasian general equilibrium, including the mathematical techniques of fixed points and genericity, both taught from an elementary point of view. Part II covers general equilibrium with incomplete markets (GEI). Part III focuses on the special case of the capital asset pricing model (CAPM), including extensions to multi-commodity CAPM and multifactor CAPM. Part IV focuses on the Modigliani-Miller theorem and generic constrained inefficiency. Part V describes collateral equilibrium and the leverage cycle. Part VI covers default and punishment and adverse selection and moral hazard in general equilibrium. Part VII describes monetary equilibrium.

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Instructor(s): John Geanakoplos
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Syllabus Link: https://yale.instructure.com/courses/59027/assignments/syllabus

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