2017-2018 – DEEQA – TSE – Advanced Macroeconomics

Assignment 3

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- Solve the RBC with variable labor, that is, use the program you wrote in assignment 2 to solve Linear Expectational Dynamic Equations to explore the RBC model
- In particular, in the exercise you can set $U(c) = \log(C) + (1 - l_t)^(1 + \gamma)$, $\delta = .1$, F() Cobb-Douglas with $s = .3$, $\rho = .9$ and explore the properties of the model for different values of γ, the inter-temporal elasticity of substitution in labour.