

Growth with credit constraints

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February 26 – March 7, 2007
Mondays and Wednesdays, 10:30 -12:00 am

The lecture series discusses neoclassical growth theory with credit constraints. In the first two lectures, credit limits are based on collateral. We examine how the distribution of wealth interacts with growth and volatility of aggregate output. We also discuss the role of outside money and asset prices. In the other two lectures, credit limits are determined endogenously to deter agents from default, presuming that defaulters can be excluded from future borrowing. We examine the interaction between financial and economic development and discuss the impact of creditor rights on growth and volatility.

Bibliography

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