Dynamic Economics: Quantitative Methods and Applications (MIT Press)

Jerome Adda, Russell W. Cooper
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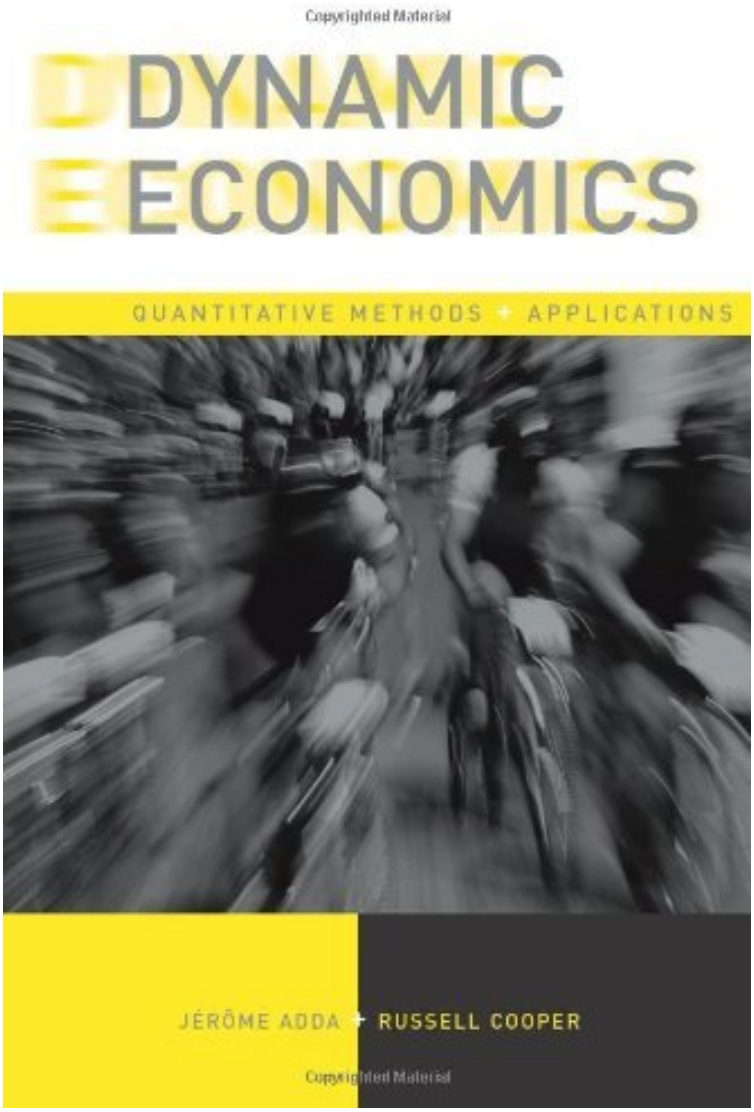

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Jerome Adda, Russell W. Cooper : Dynamic Economics: Quantitative Methods and Applications (MIT Press) before purchasing it in order to gage whether or not it would be worth my time, and all praised Dynamic Economics: Quantitative Methods and Applications (MIT Press):

1 of 1 people found the following review helpful. Practical, Intuitive, and Excellent Compliment to Ljungqvist and SargentBy CustomerIf you are starting a PhD in economics, there are a few books you must have. On the micro side this is pretty clear. On the macro side, there are a few option. Ljungqvist Sargent, and Stokey, Lucas, Prescott are two

classics (among a number of options).To the standard options I would add this book and Stachurski's Economic Dynamics: Theory and Computation. Both of these books have very intuitive approaches to the many problems you will encounter in economic dynamics (which is not restricted purely to macro, of course). I initially studied out of LS and S/L/P in my first year, and only later found these two as I had to review a couple topics for research -- I really wish I'd had one or both my first year.A side benefit is that both are much more compact, physically, than either LS or S/L/P. Carrying both of Adda Cooper and Stachurski around was no effort whatsoever, and the insight I got from both was well worth their real estate.The only slight downside I'll give Adda and Cooper is they don't have much code available for some of their examples. Of course, any code is nice (perhaps I've been spoiled by Stachurski). Also, there is a typo in line 33 of the code in Figure 3.1, p 38. I believe that newV[i_s, i_y] = max(aux)should be newV[i_s] = max(aux)... because this is outside the income loop. (One of the tricky things about writing code in language-neutral pseudo-code is that you can never double-check it by simply running the code and looking for errors.)Aside from that, this is an excellent resource!7 of 7 people found the following review helpful. Intuitive and practicalBy Quant EconCompared to many other books relying on maths to introduce dynamic programming, Adda and Cooper's book is unique as it starts with simple and intuitive introduction, but ends with practical methods and techniques that one can use in research, which is not the focus of other books (say Stokey and Lucas book). I benefited from reading it for writing my thesis, and found that it is one of the very few books that really put dynamic programming into economic questions. The book is terse, so very handy when I need.3 of 6 people found the following review helpful. nice easy bookBy Bobthis book is nice to have as a compliment to sargent and lindquist. its a nice way to get your feet wet in dynamic programming.

This book is an effective, concise text for students and researchers that combines the tools of dynamic programming with numerical techniques and simulation-based econometric methods. Doing so, it bridges the traditional gap between theoretical and empirical research and offers an integrated framework for studying applied problems in macroeconomics and microeconomics.In part I the authors first review the formal theory of dynamic optimization; they then present the numerical tools and econometric techniques necessary to evaluate the theoretical models. In language accessible to a reader with a limited background in econometrics, they explain most of the methods used in applied dynamic research today, from the estimation of probability in a coin flip to a complicated nonlinear stochastic structural model. These econometric techniques provide the final link between the dynamic programming problem and data. Part II is devoted to the application of dynamic programming to specific areas of applied economics, including the study of business cycles, consumption, and investment behavior. In each instance the authors present the specific optimization problem as a dynamic programming problem, characterize the optimal policy functions, estimate the parameters, and use models for policy evaluation.The original contribution of Dynamic Economics: Quantitative Methods and Applications lies in the integrated approach to the empirical application of dynamic optimization programming models. This integration shows that empirical applications actually complement the underlying theory of optimization, while dynamic programming problems provide needed structure for estimation and policy evaluation.

Dynamic Economics is the sort of book I wish I had written. It provides a very accessible and interesting introduction to the literature on economic models based on dynamic programming methods that have been developed in the last several decades. Unlike other recent work in this area, Adda and Cooper's book discusses econometric methods for estimating the unknown parameters of these models as well as summarizing some of the most promising computational methods for solving them. The book provides a range of interesting examples and is written at a level that is accessible for people who are new to the subject, but it also contains many deep ideas that will be appreciated by people who spend their careers researching in this area. I learned a lot from this book and recommend it as a text for graduate classes (possibly even advanced undergraduate classes) on dynamic economic methods. (John Rust, Professor of Economics, University of Maryland)This is an excellent text in applied dynamic macroeconomics for teachers, students, and researchers. It enables the research community to learn how to use dynamic economic theory to interpret economic data and quantify the theoretical implications. Any applied economist should have this book on his or her shelf as a quick guide for the available options of 'how to do it.' (Zvi Eckstein, Tel Aviv University, University of Minnesota, and Centre for Economic Policy Research)This book is a welcome addition to the macroeconomics literature. It is both a very effective textbook and a welcome summary of developments and tools needed to do state-of-the-art research in the very dynamic, changing field. (Paul D. McNelis, Professor of Economics, Georgetown University)About the AuthorJeacute;rocirc;me Adda is a Lecturer in the Department of Economics at University College, London, and a Research Associate at the Institute of Fiscal Studies.Russell Cooper is Professor in the Department of Economics at the University of Texas, Austin. He was formerly affiliated with Boston University and was a Visiting Scholar in the Research Department of the Federal Reserve Bank of Minneapolis.