

## Macroeconomics II

ECTS : 3

### Description du contenu de l'enseignement :

After presenting the stylized facts about the business cycle, the course will study the canonical real business cycle model that focuses on the role of technological shocks as determinant of macroeconomic fluctuations. We will then consider the role of monetary policy. After presenting some empirical evidence on the role of money, we will study the classical monetary model. The third part of the course is dedicated to the basic new Keynesian model with monopolistic competition and nominal price rigidities. Within this framework, we will study the role of technological shocks as well as monetary policy shock and discuss their empirical relevance regarding business cycles features.

### Compétence à acquérir :

The course will provide students with sound knowledge and understanding of the basis of modern macroeconomic theory of business cycles. After attending the classes, the students will master the fundamental RBC and New Keynesian models of business cycles. They will get familiar with the modelling of price rigidities to explore the role of monetary policy within New Keynesian models analytically as well as to assess their quantitative predictions in terms of business cycles features.

### Mode de contrôle des connaissances :

The final grade will be based on two grades: a mid-term grade (30%) and a final exam grade (70%).

The final grade is based on a final written exam (closed-book exam). The mid-term grade is made on the grade obtained on a homework document. Ideally the homework is on an individual basis, but depending on the number of students to follow the course, the home-work document might be made by a team of max. 2 students. For this homework, the student(s) will have to provide a thoughtful analysis of a research paper (to be chosen within a given list). The student(s) will be assessed on her capacity to explain the paper's main research question, the modeling assumptions and the main results, as well as the underlying macroeconomic mechanisms. The student(s) will also be evaluated on their ability to have some critical eye on the model's performances.

### Bibliographie, lectures recommandées :

- Gali, Jordi, *Monetary Policy, Inflation and the Business Cycle: An Introduction to the New Keynesian Framework*, Princeton University Press (2d edition)
- King, R., Plosser, C. & Rebelo, S. "Production, Growth and Business Cycles", *Journal of Monetary Economics*, 1988, vol. 21, pp. 195-232.
- Gali, J, "Technology, Employment and the Business Cycle: Do Technology Shocks explain aggregate fluctuations?" *The American Economic Review*, 1999, vol. 89, n.1, pp. 249-271

Other references will be provided along the course.