Financial frictions in macroeconomics

ECTS : 3

Description du contenu de l'enseignement :

1. Why didn’t macroeconomic models predict the Great Financial Crisis?

2. Uncertainty in crisis times: a challenge for policy makers

3. New macroeconomic models to assess unconventional monetary policies

4. The European System of Financial Supervision in the Aftermath of the Great Recession

Compétence à acquérir :

The objective of the course is to provide theoretical foundations of financial frictions in up-to-date business cycle models and to assess the ability of these models in explaining the key stylized facts related with business cycles, monetary and macroprudential policies.

Mode de contrôle des connaissances :

Exam

Bibliographie, lectures recommandées :

Financial frictions for firms

Bernanke, B. S., Gertler, M., & Gilchrist, S. (1999). The financial accelerator in a quantitative business cycle framework. Handbook of macroeconomics, 1, 1341-1393.

Christiano, L. J., Motto, R., & Rostagno, M. (2014). Risk shocks. American Economic Review, 104(1), 27-65.

Kiyotaki, Nobuhiro, and John Moore. "Credit cycles." Journal of political economy 105, no. 2 (1997): 211-248.

Financial frictions for banks

De Fiore, Fiorella, and Harald Uhlig. "Bank finance versus bond finance." Journal of Money, Credit and Banking 43.7 (2011): 1399-1421.

Gertler, M. and P. Karadi (2011). A model of unconventional monetary policy. Journal of Monetary Economics 58(1), 17–34.

Uncertainty fluctuations

Basu, Susanto, and Brent Bundick. "Uncertainty shocks in a model of effective demand." Econometrica 85.3 (2017): 937-958.

Bloom, N. (2009). The impact of uncertainty shocks. econometrica 77(3), 623–685.

Bloom, N. (2014, Spring). Fluctuations in Uncertainty. Journal of Economic Perspectives 28(2), 153–76.