

Business cycles analysis

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 average grade that each student obtains to 4 quizzes. Quizzes will be given each session, at the beginning of the class, during 10 minutes, except for the first session (no quiz). They aim to check that the content of the previous session has been understood. Quizzes will be randomly corrected (not all students will have a grade each time), but each student will have 4 grades at the end of the semester.

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.

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