

Universitat Pompeu Fabra  
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## Advanced Macroeconomics II

The course offers an introduction to some of the tools and concepts used in modern macroeconomic analysis, focusing on the analysis of economic fluctuations and stabilization policies.

The final exam will count as 80% of the final grade. The remaining 20% will be based on several quizzes that will be arranged during the course. For those taking the make-up exam the composition of the final grade will be given by: 40% final exam; 40% make-up exam; 20% quizzes. In order to take the make-up exam, students must have taken the final exam and at least two quizzes. For those who cannot attend the final exam due to force majeure (properly justified), the make-up exam will count as 80% of the final grade.

There is no “official” textbook for the course. Three textbooks covering some of the course material are:

Galí, Jordi (2015): *Monetary Policy, Inflation and the Business Cycle. An Introduction to the New Keynesian Framework*, Second edition, Princeton University Press.

Michel De Vroey (2016): *A History of Macroeconomics from Keynes to Lucas and Beyond*, Cambridge University Press.

Romer, David (2012): *Advanced Macroeconomics*, Fourth edition, McGraw-Hill.

The course will include the following topics:

### **1. Economic Fluctuations: Evidence and Concepts**

King, Robert G and Sergio T. Rebelo (1999): "Resuscitating Real Business Cycles," in J.B. Taylor and M. Woodford eds., *Handbook of Macroeconomics*, volume 1B, 928-1002 (also NBER WP 7534).

Stock, James, and Mark W. Watson (1999): "Business Cycle Fluctuations in U.S. Macroeconomic Time Series," in J.B. Taylor and M. Woodford eds., *Handbook of Macroeconomics*, volume 1A, 3-64 (also NBER WP 6528).

### **2. Real Business Cycle Models and Fiscal Policy**

Romer, David (2012): *Advanced Macroeconomics*, fourth edition (New York: McGraw Hill), chapters 5 and 12.

King, Robert G. and Sergio T. Rebelo (1999): "Resuscitating Real Business Cycles," in J.B. Taylor and M. Woodford eds., *Handbook of Macroeconomics*, volume 1B, 928-1002 (also NBER WP 7534).

Prescott, Edward C. (1986): "Theory Ahead of Business Cycle Measurement," *Quarterly Review* 10, 9-22, Federal Reserve Bank of Minneapolis.

International Monetary Fund: Fiscal Monitor

### **3. Monetary Models, Inflation, and Monetary Policy**

Gali, Jordi (2015): *Monetary Policy, Inflation and the Business Cycle: An Introduction to the New Keynesian Framework*, Princeton University Press (Princeton, NJ), Second Edition, chapters 1-5.

Walsh, Carl E. (2010): *Monetary Theory and Policy*, Third Edition, MIT Press.

Taylor, John B. (1998): "An Historical Analysis of Monetary Policy Rules," in J.B. Taylor ed., *Monetary Policy Rules*, University of Chicago Press

Gali, Jordi and Mark Gertler (2007): "Macroeconomic Modeling for Monetary Policy Evaluation," *Journal of Economic Perspectives* 21(4), 25-45

Woodford, Michael (2008): "The Case for Forecast Targeting as a Monetary Policy Strategy," *Journal of Economic Perspectives*, vol. 21, no. 4, 3-24.

European Central Bank (2011): *The Monetary Policy of the ECB*, Frankfurt.

Federal Reserve Board (2005): *The Federal Reserve System: Purposes and Functions* (Washington, D.C.)

### **4. Labor Markets and Unemployment**

Romer, David (2012): *Advanced Macroeconomics*, fourth edition (New York: McGraw Hill), chapter 10.

OECD, Employment Outlook.

### **5. Financial Factors in Economic Fluctuations**

Kindleberger, Charles (1989): *Manias, Panics and Crashes: A History of Financial Crises*, Basic Books, New York.

Reinhart, Carmen M. and Kenneth S. Rogoff (2009): *This Time is Different. Eight Centuries of Financial Folly*, Princeton University Press.

Mian, Atif and Amir Sufi (2014): *House of Debt*, University of Chicago Press.