

Universitat Pompeu Fabra
Spring 2019
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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.

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

Challe, Edouard (2019): *Macroeconomic Fluctuations and Policies*, MIT Press, forthcoming.

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

Two more advanced textbook on monetary models:

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

Walsh, Carl E. (2017): *Monetary Theory and Policy*, Fourth edition, MIT Press.

A textbook offering a historical perspective on the evolution of macroeconomic theory:

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

The final exam will count for 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; 50% make-up exam; 10% quizzes. In order to take the make-up exam, students must have taken the final exam, with the exception of those who cannot attend the final exam due to force majeure (properly justified). In the latter case the make-up exam will count as 80% of the final grade (and the quizzes 20%).

The TAs for the course are Mario Giarda (mario.giarda@upf.edu, 20.157) and Andrea Chiavari (andrea.chiavari@upf.edu, 20.140).

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).

International Monetary Fund: *World Economic Outlook*

2. Real Business Cycle Models and Fiscal Policy

Romer, David (2012), 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.

Prescott, Edward C. (2006): "RBC Methodology and the Development of Aggregate Economic Theory," in *Handbook of Macroeconomics* vol. 2b, 1759-1787.

International Monetary Fund: *Fiscal Monitor*

3. Monetary Models, Inflation, and Monetary Policy

Galí, Jordi (2015): chapters 1-5.

Walsh, Carl E. (2017): chapters 1-4 and 8.

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

Galí, Jordi (2018): "The State of New Keynesian Economics: A Partial Assessment," *Journal of Economic Perspectives* 32(3), 87-112.

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

Dell'Ariccia, Giovanni, Pau Rabanal and Damiano Sandri (2018): Unconventional Monetary Policies in the Euro Area, Japan, and the United

Kingdom" *Journal of Economic Perspectives*, Vol. 32, No. 4 (Fall 2018), pp. 147-172

Kuttner, Kenneth N. (2018): "Outside the Box: Unconventional Monetary Policy in the Great Recession and Beyond", *Journal of Economic Perspectives*, Vol. 32, No. 4 (Fall 2018), pp. 121-146

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

Challe, Edouard (2019), chapter 5.

Romer, David (2012), chapter 10.

OECD, *Employment Outlook*.

5. Financial Factors in Economic Fluctuations

Jordà, Òscar, Moritz Schularick and Alan M. Taylor (2017): "Macroeconomic History and the New Business Cycle Facts," *NBER Macroeconomics Annual*, 213-263.

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.

Woodford, Michael (2010): "Financial Intermediation and Macroeconomic Analysis," *Journal of Economic Perspectives* 24(4), 21–44.