

## ISEG, 2019-2020

### PhD in Economics, Advanced Macroeconomics (room: ANF 3)

#### Syllabus

1. The centralised economy
2. The decentralised economy
3. Business Cycles and International Comovement
4. Asset prices
5. Financial frictions and macroeconomic dynamics
6. Foundations of Fiscal Policy Analysis
7. Fiscal and Monetary Theories of Inflation
8. Monetary Policy Design in Closed and Open Economies

#### Schedule

Sessions: Tuesday, 18:00-20:00h, room ANF3 (Quelhas Building).

Date	Topic	Teacher
17.09.2019	1. Presentation and first class: The centralized Economy	António Afonso/PB
24.09.2019	2. The decentralised economy, part 1	Paulo Bastos
01.10.2019	3. The decentralised economy, part 2	Paulo Bastos
08.10.2019	4. Business cycles and international comovement	Paulo Bastos
15.10.2019	5. Asset prices	Bernardino Adão
22.10.2019	6. Financial frictions and macroeconomic dynamics, part 1	Bernardino Adão
29.10.2019	7. Financial frictions and macroeconomic dynamics, part 2	Bernardino Adão
05.11.2019	8. Financial frictions and macroeconomic dynamics, part 3	Bernardino Adão
12.11.2019	9. Foundations of Fiscal Policy Analysis	Luis Catão
19.11.2019	10. Fiscal and Monetary Theories of Inflation	Luis Catão
26.11.2019	11. Monetary Policy Design in Closed Economies	Luis Catão
03.12.2019	12. Monetary Policy Design in Open Economies	Luís Catão
10.12.2019	13. General Revision of Course Material	PB+BA+LC

#### Grading

##### Normal Period

The final grade in this period obtained in a written exam without consultation.

##### Appeal Period

The final grade in this period is the one obtained in the written exam with similar features and rules as the normal period's exam.

##### Teaching staff

Paulo Bastos (ISEG)

Bernardino Adão (ISEG) (badao@bportugal.pt)

Luís Catão (ISEG; REM; UECE) (lcatiao@iseg.ulisboa.pt)

##### Responsible

António Afonso (ISEG; REM; UECE) (aafonso@iseg.ulisboa.pt)

## Reading list

(\* mandatory)

### Classes 1-4

- Wickens (2011), *Macroeconomic Theory: A Dynamic General Equilibrium Approach*, 2nd edition, Princeton University Press. \*
- di Giovanni, Julian, and Andrei A. Levchenko (2012), "Country Size, International Trade, and Aggregate Fluctuations in Granular Economies." *Journal of Political Economy*, 120 (6): 1083–132.
- di Giovanni, Julian, Andrei A. Levchenko, and Isabelle Mejean (2014), "Firms, Destinations, and Aggregate Fluctuations." *Econometrica*, 82 (4): 1303–340
- di Giovanni, Julian, Andrei A. Levchenko and Isabelle Mejean (2018), "The Micro Origins of International Business-Cycle Comovement", *American Economic Review*, 108(1): 82–108\*
- Frankel, Jeffrey A., and Andrew K. Rose (1998), "The Endogeneity of the Optimum Currency Area Criteria." *Economic Journal* 108 (449): 1009–25.
- Nakamura, Emi and Jon Steinsson (2018), "Identification in Macroeconomics", *Journal of Economic Perspectives*, 32(3), 59-86.

### Class 5

- Ljungqvist & Sargent, *Recursive Macroeconomic Theory*, 2nd edition, chapter 13\*

### Classes 6-8

- Brunnermeier, M. K., Eisenbach, T., and Sannikov, Y. (2013). *Macroeconomics with financial frictions: A survey*. In *Advances in Economics and Econometrics, Tenth World Congress of the Econometric Society*. Cambridge University Press, New York. \*

### Class 9

- Ljungqvist & Sargent, *Recursive Macroeconomic Theory*, 2<sup>nd</sup> edition, chapter 10 \*
- Woodford, M., "Simple Analytics of the Government Expenditure Multiplier", *American Economic Journal*, 3, 1-35, 2011\*
- Ilzetzki, E., Mendoza, E, & Vegh, C. "How Big (Small?) are Fiscal Multipliers?", NBER working paper 16479, 2010.\*
- Ramey, Valerie, "Can Government Purchases Stimulate the Economy"? JEL, 2011
- Bohn, H. "The Behavior of US Public Debt and Deficits", *Quarterly Journal of Economics*, 113, 949-964, 1997.

### Class 10

- Ljungqvist & Sargent, *Recursive Macroeconomic Theory*, 2<sup>a</sup> edição, capítulo 24\*
- Wash, Carl, *Monetary Theory and Policy*, 2<sup>a</sup> edição, capítulo 4\*

- Sargent, T. & Wallace, N, “Some unpleasant Monetarist Arithmetic”, FED Minneapolis *Quarterly Review*, pp. 1-17, 1981.
- Fisher, S., Sahay, R and Vegh, C., “Modern Hyper- and High Inflations”, *Journal of Economic Literature* 40, pp. 837-880, 2002.
- Catão, L.A.V. and Terrones, M. “Fiscal Deficits and Inflation”, *Journal of Monetary Economics* 52, pp. 529-554, 2005.

### Classes 11-12

- Wash, Carl, *Monetary Theory and Policy*, 2ª edição, Capítulos 4 e 8\*
- Galí, Jordi, 2015, *Monetary Policy, Inflation, and the Business Cycle*. Princeton, 2<sup>nd</sup> edition, Capítulos 3, 4 & 8\*