Intitulé du cours

Course title – Intitulé du cours	Macroeconomics 2
Level / Semester – Niveau /semestre	2nd semester
School – Composante	Ecole d'Economie de Toulouse
Teacher – Enseignant responsable	Christian Hellwig, Eugenia Gonzalez-Aguado
Other teacher(s) – Autre(s) enseignant(s)	
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Other teacher(s) – Autre(s) enseignant(s)	
Lecture Hours – Volume Horaire CM	36
TA Hours – Volume horaire TD	
TP Hours – Volume horaire TP	
Course Language – Langue du cours	English
TA and/or TP Language – Langue des TD et/ou TP	English

Teaching staff contacts – Coordonnées de l'équipe pédagogique :

Offices: T606 (CH) and T611 (EGA)

Emails: christian.hellwig@tse-fr.eu and eugenia.gonzalez@tse-fr.eu

Course Objectives – Objectifs du cours :

This course will be the continuation of the compulsory Macroeconomics sequences at M2/1st year PhD level. If the first semester devoted a fair amount of time to the analysis of complete market economies and real business cycle models, the second semester will branch out to other topics, such as asset pricing, fiscal policy, firm dynamics, risk-sharing, monetary business cycle models, and heterogeneous agent models.

As with the topics presented in the first semester, we will emphasize (i) the close connection between empirical facts and theoretical model, and (ii) the complete markets model as a benchmark of analysis on which to build a comprehensive understanding of the models and the data.

Prerequisites – Pré requis :

First semester of macroeconomics sequences at M2/1st year PhD level.

Practical information about the sessions – Modalités pratiques de gestion du cours :

Grading system – Modalités d'évaluation :

A midterm exam and a final exam. The midterm exam only counts if your result is better than the final, in which case it will count for 35% of your grade.

Bibliography/references – Bibliographie/références :

Session planning – Planification des séances

1. Labor Search: Mortensen-Pissarides search model of the labor market, efficiency and Hosios condition, Competitive search, Shimer puzzle (3-4 lectures)

2. Asset Pricing: basic principles of no-arbitrage asset pricing. Risk premia and the equity premium puzzle. Hansen-Jagannathan bounds. The No-Bubbles theorem (3-4 lectures)

3. Risk-sharing: Measuring risk-sharing and testing the complete risk-sharing hypothesis (1 lecture)

4. Fiscal Policy: Ricardian Equivalence. The Chamley-Judd Result on capital taxation. Tax smoothing. The importance of full commitment. (2-3 lectures)

5. Monetary Economics: Foundations of money demand. The Friedman Rule and the Welfare costs of inflation. Monetary policy and the Taylor Principle. Monopolistic Competition and Sticky Prices. Price Complementarities and the New Keynesian Model. (5-6 lectures)

6. Firm Dynamics: Basic Facts on Firm Dynamics. The Hopenhayn model. Factor mis-allocation and TFP (Hsieh-Klenow). (2-3 lectures)

7. Heterogeneous Agent Models: Facts about income and wealth inequality. The Aiyagari-Model. Aggregate shocks: Krusell and Smith. Applications and Extensions: accounting for income and wealth inequality (entrepreneurship, bequests, idiosyncratic investment risks,...). The Heterogeneous-Agent-New-Keynesian Model. (6-8 lectures)

Distance learning – *Enseignement à distance :*