
MODERN MACROECONOMICS

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COURSE DESCRIPTION

During the past twenty years, macroeconomics has heavily relied on dynamic general equilibrium models (DGE). This framework has emerged as the ultimate step in the development of macroeconomics since the work of Keynes. Most of the work, has adopted this unified framework, which allows for microfoundations to macroeconomic analysis.

This course aims to expose most recent developments using the dynamic general equilibrium approach. It provides a clear and organised view of the wide range of application areas of modern macroeconomic theory. The DGE approach has gradually evolved to include considerations of economic policies. In addition, it also incorporates New-Keynesian considerations, with particular emphasis on the role of markets imperfections (monopolistic competition in the good/labor market). Similarly, taking into account financial market failures (especially the credit market) have significantly improved the knowledge on how financial shocks could be transmitted to the real economy. Finally, the asset pricing models, for a long time the prerogative of finance, has also become an integral part of modern macroeconomics: the DGE model used to determine the main macroeconomic variables (consumption, production, investment) allows one to understand stock and bond prices dynamics.

ROADMAP:

CHAPTER 1. General Equilibrium Models: Methodological considerations

CHAPTER 2. Real and Monetary Cycles

CHAPTER 3. Credit Market Imperfections: the Financial dimension of Cycles

CHAPTER 4. Macroeconomics and Asset pricing

RÉFÉRENCES

1. Campbell J. (1999). Asset Prices, Consumption and the Business Cycle. Handbook of Macroeconomics (ch. 19.)
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3. Wickens M., Macroeconomic Theory: A Dynamic General Equilibrium Approach, 2008.
4. Cochrane J., Asset Pricing. Princeton University Press, 2001.
5. Stokey N., R. Lucas. Recursive Methods in Economic Dynamics. Harvard University Press, 1989.