

5.0 credits	30.0 h	2q
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Teacher(s) :	De la Croix David ;
Language :	Français
Place of the course	Louvain-la-Neuve
Main themes :	<p>We start with an empirical part, in which we decompose macroeconomic time series into trend and cycle components. The inspection of cyclical parts gives then hints to build and evaluate subsequent theory. To study the key tradeoff mentioned above, we develop a two-period model which allows to introduce expectations in a simple way. The method consists in analyzing the general equilibrium and its properties. We shall at least develop the following themes: Effect of productivity shocks, effect of fiscal policy and its financing, openness to trade, money and inflation, exchange rate regimes. We shall also compare the predictions of the neoclassical approach with the one with the Keynesian ISLM ones which have been seen in the BA course. We all compare with a multiple equilibria set-up. During the lectures, we shall establish numerous links with other courses (for example one can discuss the first welfare theorem, the theory of comparative advantages...)</p>
Aims :	<p>At the end of the course, students should have the following four competencies. (1) To understand some important tradeoffs agents face (consumption/leisure, consumption/saving, money holdings/bond holdings, investment by firms). (2) To know how these tradeoffs are modified by the fundamental parameters of the economy, by expectations and by policies. (3) To be able to analyze the global consequences of individual choices and the determination of equilibrium. (4) To understand how this equilibrium is affected by shocks</p> <p><i>The contribution of this Teaching Unit to the development and command of the skills and learning outcomes of the programme(s) can be accessed at the end of this sheet, in the section entitled "Programmes/courses offering this Teaching Unit".</i></p>
Evaluation methods :	Written or oral evaluation to assess the student's understanding of the methods and tools seen in class.
Teaching methods :	Ex cathedra teaching, exercices et applications.
Content :	<p>The building blocs A - intro, B - measuring the cycle, C - the consumption - leisure tradeoff, D- firms, E - static general equilibrium, F - the consumption - saving tradeoff, G - Ricardian equivalence Fullfledged models H - Dynamic general equilibrium, I - Money, J - Inflation, K - alternative model 1: IS-LM, L - alternative model 2: multiple equilibria Extensions M - International trade, N - capital mobility, O - Exchange rate</p>
Bibliography :	<p>Williamson, Macroeconomics, 3rd edition, Pearson. + selected readings</p>
Cycle and year of study :	<p>> Master [60] in Economics : General > Master [120] in Economics: General > Master [120] in Mathematical Engineering</p>
Faculty or entity in charge:	ECON