



5 credits	30.0 h	Q2
-----------	--------	----

Teacher(s)	De la Croix David ;
Language :	French
Place of the course	Louvain-la-Neuve
Main themes	We start with an emprical 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 mentionned above, we develop a two-period model which allows to introduce expectations in a simple way. The method the 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 exam-ple one can discuss the first welfare theorem, the theory of comparative advantages...)
Aims	<p>At the end of the course, students should have the following four competen-cies. (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 fundamen-tal parameters of the economy, by expectations and by policies. (3) To be able to analyze the global conse-quences of individual choices and the determination of equilibrium. (4) To understand how this equilibrium is affected by shocks</p> <p>1</p> <p>-----</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 catedra teaching, exercices et applications.
Content	The building blocs A - intro, B - measuring the cycle, C - the consumption - leisure tradeoff, D- firms, E - static general equilib-rium, F - the consumption - saving tradeoff, G - Ricardian equivalence Fulledged 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
Bibliography	Williamson, Macroeconomics, 3 <sup>rd</sup> edition, Pearson. + lectures choisies
Faculty or entity in charge	ECON

<b>Programmes containing this learning unit (UE)</b>				
Program title	Acronym	Credits	Prerequisite	Aims
Master [120] in Mathematical Engineering	MAP2M	5		
Master [120] in Economics: General	ECON2M	5		
Master [60] in Economics : General	ECON2M1	5		