

**Professor Eran Yashiv**

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## **Macroeconomic Theory B Course Outline, Spring 2023**

### **1 General**

This course studies models at the frontier of macroeconomic research on business cycles. It will cover both theory and empirics. It pertains to topical issues including inflation, monetary policy, repercussions for the labor market, and macroeconomic inequality.

### **2 Topics and Lectures**

The following are key topics, to which we will devote 1-2 lectures each:

- a. The New Keynesian model.
- b. The role of labor market frictions.
- c. Heterogenous agents models.
- d. Empirical studies of business cycles.

### **3 Problem Sets and TA Classes**

There will be five problem sets handed out which will be discussed by the TA, who will also answer questions about the course material.

### **4 Course Web Page**

Papers are available and updates will be made on the course web page on Moodle

### **5 References**

Full list of papers and their details will be given and updated on the Moodle course web page. Here are some key texts.

## References

- [1] Christiano, Lawrence. J., Martin .S. Eichenbaum, and Mathias Trabandt, 2016. "Unemployment and Business Cycles," **Econometrica** 84, 4, 1523–1569.
- [2] Faccini, Renato and Eran Yashiv, 2022. "The Importance of Hiring Frictions in Business Cycles," **Quantitative Economics** 13, 1101–1143.
- [3] Galí, Jordi, 2011. "Monetary Policy and Unemployment," Chapter 10 in B.M. Friedman and M.Woodford (eds.) **Handbook of Monetary Economics Vol. 3A**, 487-546, North Holland, Amsterdam.
- [4] Kaplan, Greg, Benjamin Moll, and Giovanni L. Violante, 2018. "Monetary Policy According to HANK," **American Economic Review** 108,3,697-743.
- [5] TEXTBOOK Galí, Jordi, 2015. **Monetary Policy, Inflation and the Business Cycle: An Introduction to the New Keynesian Framework**, Princeton University Press.
- [6] TEXTBOOK Miao, Jianjun, 2020. **Economic Dynamics in Discrete Time**. MIT Press, 2nd edition, Cambridge, MA.
- [7] Ramey, Valerie A., 2016. "Macroeconomic Shocks and Their Propagation, " in J. B. Taylor and H. Uhlig, (eds.), **Handbook of Macroeconomics, vol. 2A**, 71–162, Amsterdam: Elsevier.

## 6 Grades

The course grade will be determined by:

- 5% active participation in lectures and TA classes.
- 20% problem set solutions.
- 75% final exam grade.

**Remark 1** *Course will be given online.*

**Remark 2** *Attendance is mandatory on Zoom (live at the scheduled time). Note that 5% of the grade is for active participation. I will allow reasonable absences, preferably with pre-announcement.*

## 7 Office Hours

Please coordinate with me by email at [yashiv@tauex.tau.ac.il](mailto:yashiv@tauex.tau.ac.il)