ECON 502, Macroeconomics II (first half).

**Time and Location:** Tuesday and Thursday, 10:00AM-11:30AM, Seigle/L204. AI sections are on Fridays from noon to 1:00 PM, Seigle/L004. This is the information relevant for the four weeks taught in the Spring quarter.

**Instructors:** Prof. Francisco J. Buera; office hours: by appointment.

**Grading:** The course grade will be based on assignments and questions in two exams.

**Course Description:** This course is the first of a two-module, second-semester graduate-core course in Advanced Macroeconomics, covering the last three weeks of the Fall and four randomly drawn weeks in the first half of the Spring quarters. The second module will be covered by Professors Ping Wang. This module is devoted to an introduction to the New Keynesian framework, i.e., models that emphasize the role of price frictions in business cycle analysis, an introduction to models studying the role of financial frictions in business cycle analysis and, if we have time, models of firm dynamics, entry and exit. Initially, I will be following the material in Jordi Gali, *Monetary Policy, Inflation, and Business Cycle*, Princeton University Press.

**Course Outline**

1. A Classical Monetary Model (and a simple model with segmented markets).
   
   Gali, chapter 1.

2. The Basic New Keynesian Model.
   
   Gali, chapter 3, 4.

3. Modelling the Economy at the Zero Bound
   

4. Financial Frictions in Business Cycle Analysis
   

5. Models of Firms dynamics, entry and exit.
   TBA