Topics in Macroeconomics I: Information, Beliefs and Coordination in Macroeconomics

2017-2018 Academic Year
Master of Research in Economics, Finance and Management

1. Description of the subject

- Topics in Macroeconomics I  
  Code: 32080  
  Total credits: 3 ECTS  
  Workload: 75 hours  
  Term: 1st  
- Type of subject: Elective  
- Department of Economics and Business  
- Teaching team: Edouard Schaal

2. Teaching guide

Objective: The purpose of this course is to study informational frictions and the formation of beliefs in macroeconomics. The topics covered include news shocks, uncertainty-driven business cycles, sentiments, coordination games with heterogeneous beliefs (global games), bayesian learning, dispersed information in DSGE models, forecasting the forecast of others, etc. A first objective is to learn the tools that are used in this literature. A second objective is to provide exposure to the main economic questions related to information frictions in macroeconomics with a particular focus on business cycles.

I. News shocks

Theory

**Empirical evaluation**

**II. Uncertainty-driven cycles**

**Theory**

**Empirical evaluation**

**Measurement**
III. Sentiments and sunspots


IV. Global games


V. Applications of heterogeneous beliefs


VI. Forecasting the forecast of others


VII. Information acquisition and rational inattention


**VIII. Social learning, herding and delays**


### 3. Assessment and Grading System

**Grading:**

Final grade = Problem sets + presentation

**Plan for the course:**

In each lecture, I will usually introduce the topic myself and the seminal papers on the question. I will then ask students to present a more recent paper related to the subject and applying/extend the tools seen in class or criticizing the approach.

**Problem sets/assignments**

I will try to assign 2-3 problem sets that apply methods seen in class.