

Economic policy - M1

Hubert Kempf

The course presents a broad analysis of economic policy issues.

This course is a Master 1 course. It is taught in English.

Syllabus of Academic Year 2015-2016

Introduction

Lecture 1. Macroeconomic policy. A framework of analysis.
Goals and instruments

Lecture 2. The Lucas critique

Lecture 3. Time inconsistency

Lecture 4. Macroeconomic policy dilemmas

Lecture 5. Monetary policy

Lecture 6. Monetary policy strategies

Lecture 7. Fiscal policies

Lecture 8. Stylized facts and fiscal multipliers

Lecture 9. Public debt sustainability

Lecture 10. Fiscal policy strategies.

Practically



1. All files will be on Moodle (hopefully) before the corresponding lectures. Students are supposed to have read them as well as the key reference to the topic.
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3. My personal webpage: <http://ces.univ-paris1.fr/membre/Kempf/Default.htm>
4. My office: Bâtiment Laplace, 3eme étage, 310.

Bibliographical references

[Introduction](#)

[Lecture 1.](#) Macroeconomic policy. A framework of analysis. Goals and instruments

* Bénassy-Quéré A. , B. Coeuré, P. Jacquet, J. Pisani-Ferry, *Politique économique*, De Boeck, 2009. Chapter 1. (English translation, Oxford University Press.)

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[Lecture 2.](#) The Lucas critique

* Lucas R. E. jr, "Econometric Policy Evaluation: a Critique", *Carnegie-Rochester Conference Series on Public Policy*, 1976, 1, 19-46.

Alogoskoufis G. S. and R. Smith, "The Phillips Curve, the Persistence of Inflation and the Lucas Critique: Evidence from Exchange-Rate Regimes", *American Economic Review*, 81(1991), 1254-1275.

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Lucas R. E. Jr., "Expectations and the Neutrality of Money", *Journal of Economic Theory*, (1972)

Turnovsky S. J., *Methods of Macroeconomic Dynamics*, MIT Press, 1995, chapitre 4, 87-116

[Lecture 3.](#) Time inconsistency

* Kydland F. and E. Prescott, "Rules rather than discretion: The inconsistency of Optimal Plans", *Journal of Political Economy*, 1977, vol. 85, 473-491.

Calvo, G. A. (1978). On the time consistency of optimal policy in a monetary economy. *Econometrica: Journal of the Econometric Society*, 1411-1428.

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[Lecture 4.](#) Macroeconomic policy dilemmas

* Bénassy-Quéré A. , B. Coeuré, P. Jacquet, J. Pisani-Ferry, *Politique économique*, De Boeck, 2009. Chapter 2. (English translation, Oxford University Press).

[Lecture 5](#). Monetary policy

* Walsh C., *Monetary theory and policy*, Cambridge, Mass. : MIT Press, chapters 9, 10 and 11.

Bordes C. , *La politique monétaire*, Repères, Paris : La Découverte.

Bénassy-Quéré A. , B. Coeuré, P. Jacquet, J. Pisani-Ferry, *Politique économique*, De Boeck, 2009. Chapter 4. (English translation, Oxford University Press.)

Clarida, R., Gali, J., & Gertler, M. (1999). *The science of monetary policy: a new Keynesian perspective* (No. w7147). National bureau of economic research.

[Lecture 6](#). Monetary policy strategies

* Walsh C., *Monetary theory and policy*, Cambridge, Mass. : MIT Press, chapters 8 and 11.

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Woodford M. *Interest and prices*, Princeton UP, 2003, chapters 7 and 8.

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[Lecture 7](#). Fiscal policy

* Wickens M., *Macroeconomic Theory*, 2008, chapters 5 and 6.

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[Lecture 8](#). Stylized facts and fiscal multipliers

Auerbach, A. and Gorodnichenko, Y., "Measuring the output responses to fiscal policy", *American Economic Journal : Economic Policy*, 2012, vol. 4, 1-27.

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Corsetti, C., A. Meier and Gernot J. Mueller "What determines government spending multipliers?", *Economic Policy*, October 2012 pp. 521-565.

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Lecture 9. Public debt sustainability

* Bohn H., "The Sustainability of Fiscal Policy in the United States", in Reinhard Neck and Jan-Egbert Sturm (eds), 2008, *Sustainability of Public Debt*, MIT Press.

Brender A, Pisani F., and Gagna E, 2013, *La crise des dettes souveraines*, La Découverte.
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Lecture 10. Fiscal policy strategies.

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Macroeconomics

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Wickens M., *Macroeconomic Theory*, 2008.
Walsh C. E., *Monetary theory and policy*, MIT Press.
Woodford M. *Interest and prices*, Princeton UP, 2003.

Game theory

Any textbook.

Political economics

Persson T. and G. Tabellini, *Political economics*, MIT Press.

Note :

A starred reference is compulsory reading. Non-starred references are recommended readings.