

Graduate macroeconomics III

Course mnemonic

ECON-S520

ECTS credits

5 credits

Language(s) of instruction

English

Course period

First term

Campus

Solbosch

Course content

This course covers a part of macroeconomics which can be viewed as the exact aggregation of microeconomics. Like most of the graduate courses, this one aims at presenting an array of potentially fruitful research topics. The key idea is that individual heterogeneities, which may seem at first glance to be a relevant concern for a microeconomist, matter a lot for aggregate outcomes. In order to be able to study these aggregate consequences of individual heterogeneities, one needs a modeling toolkit that helps capture a rich array of empirically observed effects. The first part of the course develops such a toolkit, dealing with some useful classes of flexible demand systems. This helps overcome the restrictiveness of the standard CES demand system, which is almost ubiquitous in modern macro modeling, including both economic growth and business cycles. The second part of the course provides an array of applications of flexible demand systems by showing how they help gain insights about the role of procompetitive effect of entry, understanding of the origins of constant incomplete pass-through, and potentially destabilizing role of market size in the dynamics of innovation (why bigger markets are more volatile). Finally, the third part of the course brings together macroeconomics and urban/regional economics by focusing on spatial structures in general equilibrium. This includes spatial sorting of heterogeneous firms and the role of preference heterogeneity in city structure formation.

See the syllabus [https://www.dropbox.com/s/ldcv34xo3q65es2/Graduate_Macro_3_Syllabus.pdf?dl=0] for detailed content of the course

Objectives (and/or specific learning outcomes)

Like most of the graduate courses, this one aims at presenting an array of potentially fruitful research topics. This course aims to familiarize the students with a number of research topics in microfounded macroeconomics. These include:

- > flexible demand systems and non-CES aggregators
- > applications of flexible demand systems to market structure and market performance
- > firm selection, spatial sorting, and urban structure

Pre-requisites and co-requisites

Required knowledge and skills

Prerequisites:

- > Graduate Micro I
- > Graduate Macro I, II
- > Basic Calculus

Teaching method and learning activities

Lectures + active learning (paper presentations by students)

References, bibliography and recommended reading

The course relies heavily on my own research agenda. The syllabus [https://www.dropbox.com/s/ldcv34xo3q65es2/Graduate_Macro_3_Syllabus.pdf?dl=0] indicates essential reading for each topic. To provide a bigger picture, I will share a reading list from which each participant of the course will need to choose 3 papers for a short in-class presentation. There will be a separate reading list for each part of the course.

Other information

Place(s) of teaching

Solbosch

Programmes

Programmes proposing this course at the Solvay Brussels School of Economics and Management

MA-ECOE | **Master in Economics : Econometrics** | finalité Research in Economics/unit 2 and finalité Research in Economics and statistics/unit 2

Programmes proposing this course at the faculty of Sciences

MA-STAT | **Master in Statistics : General** | finalité Research General/unit 2

