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[International Competition and Inflation](#) - Luca Guerrieri 2008

We develop and estimate an open economy New Keynesian Phillips curve (NKPC) in which variable demand elasticities give rise to changes in desired markups in response to changes in competitive pressure from abroad. A parametric restriction on our specification yields the standard NKPC, in which the elasticity is constant, and there is no role for foreign competition to influence domestic inflation. By comparing the unrestricted and restricted specifications, we provide evidence that foreign competition plays an important role in accounting for the behavior of inflation in the traded goods sector. Our estimates suggest that foreign competition has lowered domestic goods inflation about 1 percentage point over the 2000-2006 period. Our results also provide evidence against demand curves with a constant elasticity in the context of models of monopolistic competition.

Is Exchange Rate Stabilization an Appropriate Cure for the Dutch Disease? - Mr.Ruy Lama 2010-08-01

This paper evaluates how successful is a policy of exchange rate stabilization to counteract the negative effects of a Dutch Disease episode. We consider a small open economy model that incorporates nominal rigidities and a learning-by-doing externality in the tradable sector. The paper shows that leaning against an appreciated exchange rate can prevent an inefficient loss of tradable output but at the cost of

generating a misallocation of resources in other sectors of the economy. The paper also finds that welfare is a decreasing function of exchange rate intervention. These results suggest that stabilizing the nominal exchange rate in response to a Dutch Disease episode is highly distortionary.

Unemployment Fluctuations and Stabilization Policies - Jordi Gali 2011-07-01

A new approach for introducing unemployment into the New Keynesian framework. The past fifteen years have witnessed the rise of the New Keynesian model as a framework of reference for the analysis of fluctuations and stabilization policies. That framework, which combines the rigor and internal consistency of dynamic general equilibrium models with such typically Keynesian assumptions as monopolistic competition and nominal rigidities, makes possible a meaningful, welfare-based analysis of the effects of monetary policy rules. But the conspicuous absence of unemployment from the standard New Keynesian model has given rise to both criticism and attempts to rectify this anomaly. In this book, Jordi Galí, one of the major contributors to the New Keynesian literature, offers a new approach to introducing unemployment into that framework. Galí's approach involves a reinterpretation of the labor market in the standard New Keynesian model with staggered wage setting (rather than a modification or extension of the model, as has been

proposed by others). The resulting framework preserves the convenience of the representative household paradigm and allows one to determine the equilibrium levels of employment, the labor force, and hence the unemployment rate conditional on the monetary policy in place. Galí develops the basic model, embedding it in a standard New Keynesian framework with staggered price and wage setting; revisits the relationship between economic fluctuations and efficiency through the lens of the new model, developing a measure of the output gap; and analyzes the relation between unemployment and the design of monetary policy.

Handbook of Monetary Economics - Benjamin M. Friedman

2010-12-08

What are the goals of monetary policy and how are they transmitted? Top scholars summarize recent evidence on the roles of money in the economy, the effects of information, and the growing importance of nonbank financial institutions. Their investigations lead to questions about standard presumptions about the rationality of asset markets and renewed interest in fiscal-monetary connections. Stopping short of advocating conclusions about the ideal conduct of policy, the authors focus instead on analytical methods and the changing interactions among the ingredients and properties that inform monetary models. The influences between economic performance and monetary policy regimes can be both grand and muted, and this volume clarifies the present state of this continually evolving relationship. Presents extensive coverage of monetary policy theories with an eye toward questions raised by the recent financial crisis Explores the ingredients, properties, and implications of models that inform monetary policy Observes changes in the formulation of monetary policies over the last 25 years

Handbook of Monetary Economics 3A - 2010-12-08

What tools are available for setting and analyzing monetary policy?

World-renowned contributors examine recent evidence on subjects as varied as price-setting, inflation persistence, the private sector's formation of inflation expectations, and the monetary policy transmission mechanism. Stopping short of advocating conclusions about the ideal

conduct of policy, the authors focus instead on analytical methods and the changing interactions among the ingredients and properties that inform monetary models. The influences between economic performance and monetary policy regimes can be both grand and muted, and this volume clarifies the present state of this continually evolving relationship. Explores the models and practices used in formulating and transmitting monetary policies Raises new questions about the volume, price, and availability of credit in the 2007-2010 downturn Questions fiscal-monetary connections and encourages new thinking about the business cycle itself Observes changes in the formulation of monetary policies over the last 25 years

Economic Analysis and Infrastructure Investment - Edward L.

Glaeser 2021-11-11

Policy makers often call for increased spending on infrastructure, which can encompass a broad range of investments, from roads and bridges to digital networks that will expand access to high-speed broadband. Some point to the near-term macroeconomic benefits, such as job creation, associated with infrastructure spending; others point to the long-term effects of such spending on productivity and economic growth. Economic Analysis and Infrastructure Investment explores the links between infrastructure investment and economic outcomes, analyzing key economic issues in the funding and management of infrastructure projects. It includes new research on the short-run stimulus effects of infrastructure spending, develops new estimates of the stock of US infrastructure capital, and explores incentive aspects of public-private partnerships with particular attention to their allocation of risk. The volume provides a reference for researchers seeking to study infrastructure issues and for policymakers tasked with determining the appropriate level and allocation of infrastructure spending.

A Companion to the History of Economic Thought - Warren J. Samuels

2008-04-15

Assembling contributions from top thinkers in the field, this companion offers a comprehensive and sophisticated exploration of the history of economic thought. The volume has a threefold focus: the history of

economic thought, the history of economics as a discipline, and the historiography of economic thought. Provides sophisticated introductions to a vast array of topics. Focuses on a unique range of topics, including the history of economic thought, the history of the discipline of economics, and the historiography of economic thought.

An Econometric Model of the US Economy - John J. Heim 2017-12-06

This book explores the US economy from 1960 to 2010 using a more Keynesian, Cowles model approach, which the author argues has substantial advantages over the vector autoregression (VAR) and dynamic stochastic general equilibrium (DSGE) models used almost exclusively today. Heim presents a robust argument in favor of the Cowles model as an answer to the pressing, unresolved methodological question of how to accurately model the macroeconomy so that policymakers can reliably use these models to assist their decision making. Thirty-eight behavioral equations, describing determinants of variables such as consumption, taxes, and government spending, are connected by eighteen identities to construct a comprehensive model of the real US economy that Heim then tests across four different time periods to ensure that results are consistent. This comprehensive demonstration of the value of a long-ignored model provides overwhelming evidence that the more Keynesian (Cowles) structural models outperform VAR and DSGE, and therefore should be the models of choice in future macroeconomic studies.

Government Spending Effects in Low-income Countries - Ms. Wenyi Shen 2015-12-30

Despite the voluminous literature on fiscal policy, very few papers focus on low-income countries (LICs). This paper develops a new-Keynesian small open economy model to show, analytically and through simulations, that some of the prevalent features of LICs—different types of financing including aid, the marginal efficiency of public investment, and the degree of home bias—play a key role in determining the effects of fiscal policy and related multipliers in these countries. External financing like aid increases the resource envelope of the economy, mitigating the private sector crowding out effects of government spending and pushing

up the output multiplier. The same external financing, however, tends to appreciate the real exchange rate and as a result, traded output can respond quite negatively, reducing the overall output multiplier.

Although capital scarcity implies high returns to public capital in LICs, declines in public investment efficiency can substantially dampen the output multiplier. Since LICs often import substantial amounts of goods, public investment may not be as effective in stimulating domestic production in the short run.

The New Palgrave Dictionary of Economics - 2016-05-18

The award-winning The New Palgrave Dictionary of Economics, 2nd edition is now available as a dynamic online resource. Consisting of over 1,900 articles written by leading figures in the field including Nobel prize winners, this is the definitive scholarly reference work for a new generation of economists. Regularly updated! This product is a subscription based product.

Quarterly Projection Model for Vietnam: A Hybrid Approach for Monetary Policy Implementation - Mr. Natan P. Epstein 2022-06-24

We present a newly developed Quarterly Projection Model (QPM) for Vietnam. This QPM represents an extended version of the canonical New Keynesian semi-structural model, accounting for Vietnam-specific factors, including a hybrid monetary policy framework. The model incorporates the array of policy instruments, specifically interest rates, indicative nominal credit growth guidance, and exchange rate interventions, that the authorities employ to meet the primary objective of price stability. The calibrated model embeds a theoretically consistent monetary transmission mechanism and demonstrates robust in-sample forecasting accuracy, both of which are important prerequisites for the richer analysis and forecast-based narratives that support a forward-looking monetary policy regime.

One Money, Many Markets: Monetary Transmission and Housing Financing in the Euro Area - Giancarlo Corsetti 2020-06-26

We study the transmission of monetary shocks across euro-area countries using a dynamic factor model and high-frequency identification. We develop a methodology to assess the degree of

heterogeneity, which we find to be low in financial variables and output, but significant in consumption, consumer prices, and variables related to local housing and labor markets. Building a small open economy model featuring a housing sector and calibrating it to Spain, we show that varying the share of adjustable-rate mortgages and loan-to-value ratios explains up to one-third of the cross-country heterogeneity in the responses of output and private consumption.

Macroeconomic Theory - Michael Wickens 2012-03-12

The definitive graduate textbook on modern macroeconomics
Macroeconomic Theory is the most up-to-date graduate-level macroeconomics textbook available today. This revised second edition emphasizes the general equilibrium character of macroeconomics to explain effects across the whole economy while taking into account recent research in the field. It is the perfect resource for students and researchers seeking coverage of the most current developments in macroeconomics. Michael Wickens lays out the core ideas of modern macroeconomics and its links with finance. He presents the simplest general equilibrium macroeconomic model for a closed economy, and then gradually develops a comprehensive model of the open economy. Every important topic is covered, including growth, business cycles, fiscal policy, taxation and debt finance, current account sustainability, and exchange-rate determination. There is also an up-to-date account of monetary policy through inflation targeting. Wickens addresses the interrelationships between macroeconomics and modern finance and shows how they affect stock, bond, and foreign-exchange markets. In this edition, he also examines issues raised by the most recent financial crisis, and two new chapters explore banks, financial intermediation, and unconventional monetary policy, as well as modern theories of unemployment. There is new material in most other chapters, including macrofinance models and inflation targeting when there are supply shocks. While the mathematics in the book is rigorous, the fundamental concepts presented make the text self-contained and easy to use. Accessible, comprehensive, and wide-ranging, Macroeconomic Theory is the standard book on the subject for students and economists. The most

up-to-date graduate macroeconomics textbook available today General equilibrium macroeconomics and the latest advances covered fully and completely Two new chapters investigate banking and monetary policy, and unemployment Addresses questions raised by the recent financial crisis Web-based exercises with answers Extensive mathematical appendix for at-a-glance easy reference This book has been adopted as a textbook at the following universities: American University Bentley College Brandeis University Brigham Young University California Lutheran University California State University - Sacramento Cardiff University Carleton University Colorado College Fordham University London Metropolitan University New York University Northeastern University Ohio University - Main Campus San Diego State University St. Cloud State University State University Of New York - Amherst Campus State University Of New York - Buffalo North Campus Temple University - Main Texas Tech University University of Alberta University Of Notre Dame University Of Ottawa University Of Pittsburgh University Of South Florida - Tampa University Of Tennessee University Of Texas At Dallas University Of Washington University of Western Ontario Wesleyan University Western Nevada Community College

New Keynesian Economics: Coordination failures and real rigidities - N. Gregory Mankiw 1991

New keynesian economics/ed. by N. Gregory Mankiw.-v.1

Monetary Policy and the German Unemployment Problem in Macroeconomic Models - Jan Gottschalk 2007-04-29

Having the high unemployment in Germany in mind, this book discusses how macroeconomic theory has evolved over the past forty years. It shows that in recent years a convergence has taken place, with modern models embodying a Keynesian transmission mechanism, monetarist policy implication, and modeling techniques inspired by new classical economics and real business cycle theory. It also probes in which direction models may be extended from here. Empirically, the book uses different econometric techniques to investigate the relevance and implications of different macroeconomic theories for German data. A key question this book investigates is the role of demand and supply side

conditions for the increase in the German unemployment rate. On a policy level, the book relates the implications of the different theories to the ongoing debate on the appropriate roles of demand and supply side policies for curing the German unemployment problem.

Open Economy Macroeconomics - Martín Uribe 2017-04-04

A cutting-edge graduate-level textbook on the macroeconomics of international trade Combining theoretical models and data in ways unimaginable just a few years ago, open economy macroeconomics has experienced enormous growth over the past several decades. This rigorous and self-contained textbook brings graduate students, scholars, and policymakers to the research frontier and provides the tools and context necessary for new research and policy proposals. Martín Uribe and Stephanie Schmitt-Grohé factor in the discipline's latest developments, including major theoretical advances in incorporating financial and nominal frictions into microfounded dynamic models of the open economy, the availability of macro- and microdata for emerging and developed countries, and a revolution in the tools available to simulate and estimate dynamic stochastic models. The authors begin with a canonical general equilibrium model of an open economy and then build levels of complexity through the coverage of important topics such as international business-cycle analysis, financial frictions as drivers and transmitters of business cycles and global crises, sovereign default, pecuniary externalities, involuntary unemployment, optimal macroprudential policy, and the role of nominal rigidities in shaping optimal exchange-rate policy. Based on courses taught at several universities, *Open Economy Macroeconomics* is an essential resource for students, researchers, and practitioners. Detailed exploration of international business-cycle analysis Coverage of financial frictions as drivers and transmitters of business cycles and global crises Extensive investigation of nominal rigidities and their role in shaping optimal exchange-rate policy Other topics include fixed exchange-rate regimes, involuntary unemployment, optimal macroprudential policy, and sovereign default and debt sustainability Chapters include exercises and replication codes

FX Intervention in the New Keynesian Model - Zineddine Alla 2017-09-29

We develop an open economy New Keynesian Model with foreign exchange intervention in the presence of a financial accelerator mechanism. We obtain closed-form solutions for the optimal interest rate policy and FX intervention under discretionary policy, in the face of shocks to risk appetite in international capital markets. The solution shows that FX intervention can help reduce the volatility of the economy and mitigate the welfare losses associated with such shocks. We also show that, when the financial accelerator is strong, the risk of multiple equilibria (self-fulfilling currency and inflation movements) is high. We determine the conditions under which indeterminacy can occur and highlight how the use of FX intervention reinforces the central bank's credibility and limits the risk of multiple equilibria.

Handbook of Monetary Economics Vols 3A+3B Set - Benjamin M. Friedman 2010-11-29

How have monetary policies matured during the last decade? The recent downturn in economies worldwide have put monetary policies in a new spotlight. In addition to their investigations of new tools, models, and assumptions, they look carefully at recent evidence on subjects as varied as price-setting, inflation persistence, the private sector's formation of inflation expectations, and the monetary policy transmission mechanism. They also reexamine standard presumptions about the rationality of asset markets and other fundamentals. Stopping short of advocating conclusions about the ideal conduct of policy, the authors focus instead on analytical methods and the changing interactions among the ingredients and properties that inform monetary models. The influences between economic performance and monetary policy regimes can be both grand and muted, and this volume clarifies the present state of this continually evolving relationship. Presents extensive coverage of monetary policy theories with an eye toward questions raised by the recent financial crisis Explores the policies and practices used in formulating and transmitting monetary policies Questions fiscal-monetary connections and encourages new thinking about the business

cycle itself Observes changes in the formulation of monetary policies over the last 25 years

Monetary Policy, Inflation, and the Business Cycle - Jordi Galí
2015-06-09

The classic introduction to the New Keynesian economic model This revised second edition of *Monetary Policy, Inflation, and the Business Cycle* provides a rigorous graduate-level introduction to the New Keynesian framework and its applications to monetary policy. The New Keynesian framework is the workhorse for the analysis of monetary policy and its implications for inflation, economic fluctuations, and welfare. A backbone of the new generation of medium-scale models under development at major central banks and international policy institutions, the framework provides the theoretical underpinnings for the price stability-oriented strategies adopted by most central banks in the industrialized world. Using a canonical version of the New Keynesian model as a reference, Jordi Galí explores various issues pertaining to monetary policy's design, including optimal monetary policy and the desirability of simple policy rules. He analyzes several extensions of the baseline model, allowing for cost-push shocks, nominal wage rigidities, and open economy factors. In each case, the effects on monetary policy are addressed, with emphasis on the desirability of inflation-targeting policies. New material includes the zero lower bound on nominal interest rates and an analysis of unemployment's significance for monetary policy. The most up-to-date introduction to the New Keynesian framework available A single benchmark model used throughout New materials and exercises included An ideal resource for graduate students, researchers, and market analysts

An Encyclopedia of Keynesian Economics, Second edition - Thomas Cate
2013-01-01

Acclaim for the first edition: "This easy-to-read collection . . . tells the whole story. Filled with short, well-written pieces, the encyclopedia covers the names and ideas that preceded Keynes, that carried his work to the center of the profession, and that eventually supplanted him there . . . There are excellent and unexpected articles on the Austrian school,

the Lausanne school, and the Ricardo effect. There are well-done pieces on all the basic theoretical models at the heart of Keynesianism . . . [the] volume has been well put together. The editors deserve special praise for letting each contributor tell his own story. Those who oppose Keynes's ideas are just as well represented as those who carry the torch for him. This evenhandedness helps to ensure a volume that is truly representative and that will allow its users to get a full picture of the life and times of Keynesian economics." — Bradley W. Bateman, Grinnell College, US "The book will also be of some interest to serious scholars, partly because it includes biographies of many economists too young to have been included in the *New Palgrave*, such as Dornbusch, Fisher, Herschel Grossman, Kregel, Lucas, and Robert Townsend. It also includes some very interesting longer essays." — Peter Howitt, *The Economic Journal* "This book provides an excellent summary of the many strands of Keynesian-style thought both before and after 1936. Its well-considered entries take care to make explicit the assumptions and fundamental points of difference between theories too often concealed by the parents and advocates of specific theories in their zeal to promote the universality of the ideas. There is scarcely an entry that suffers from wordiness and repetition; the reader's scarce time is not abused." — Elizabeth Webster, *Economic Record* "This reviewer found using this source exhilarating and endowed with additional interest in view of the 1997 discussion on the inclusion or noninclusion of Keynesian economics in introductory economics textbooks. The editors should be applauded for helping to preserve a part of intellectual heritage." — Bogdan Mieczkowski, *American Reference Books* "It is the best single reference source on Keynesian economics and will be welcomed by students and teachers in economics as well as scholars in related social sciences and government policy makers." — Educational Book Review This thoroughly revised and updated second edition of a highly acclaimed and authoritative reference work introduces the major concepts in the field of Keynesian economics. The comprehensive *Encyclopedia* features accessible, informative and provocative contributions by leading international scholars working in the tradition of Keynes. It brings

together widely dispersed yet theoretically congruent ideas, presents concise biographies of economists who have contributed to the debate on Keynes and the Keynesian Revolution, and outlines the basic principles, models and tools used to discuss the economic consequences of The General Theory. Longer entries on specific topics associated with Keynes and the Keynesian Revolution analyse the principal factors that contributed to The General Theory, the economics of Keynes and the rise and apparent decline of Keynesian economics in greater detail. The second edition will ensure that An Encyclopedia of Keynesian Economics will remain the best single reference source on Keynesian economics and will continue to be welcomed by academics, students and teachers of economics as well as by scholars in related social sciences and government policymakers.

Classical Economics, Keynes and Money - John Eatwell 2022-07-29

Classical Economics, Keynes and Money casts new light on an approach to economic theory and policy that combines the modern classical theory of prices and income distribution with a Keynesian analysis of money and finance. Structured in four parts, the work considers issues within classical economics, monetary economics, Keynesian and post-Keynesian Economics, rationality and economic methodology. These themes are all central to the work of Carlo Panico, and the chapters both reflect on and build on his key contributions to the field. This collection is of interest to advanced students and researchers in the history of economic thought, monetary theory, financial economics and heterodox economics.

Optimal Monetary Policy Under Commitment with a Zero Bound on Nominal Interest Rates - 2005

We determine optimal monetary policy under commitment in a forward-looking New Keynesian model when nominal interest rates are bounded below by zero. The lower bound represents an occasionally binding constraint that causes the model and optimal policy to be nonlinear. A calibration to the U.S. economy suggests that policy should reduce nominal interest rates more aggressively than suggested by a model without lower bound. Rational agents anticipate the possibility of reaching the lower bound in the future and this amplifies the effects of

adverse shocks well before the bound is reached. While the empirical magnitude of U.S. mark-up shocks seems too small to entail zero nominal interest rates, shocks affecting the natural real interest rate plausibly lead to a binding lower bound. Under optimal policy, however, this occurs quite infrequently and does not imply positive average inflation rates in equilibrium. Interestingly, the presence of binding real rate shocks alters the policy response to (non-binding) mark-up shocks.

Quarterly Projection Model for the Bank of Ghana - Philip Abradu-Otoo 2022-09-02

The paper describes the Quarterly Projection Model (QPM) that underlies the Bank of Ghana Forecasting and Policy Analysis System (FPAS). The New Keynesian semi-structural model incorporates the main features of the Ghanaian economy, transmission channels and policy framework, including an inflation targeting central bank and aggregate demand effects of fiscal policy. The shock propagation mechanisms embedded in the calibrated QPM demonstrate its theoretical consistency, while out-of-sample forecasting accuracy validates its empirical robustness. Another important part of the QPM is endogenous policy credibility, which may aggravate policy trade-offs in the model and make it more realistic for developing economies. Historical track record of real time policy analysis and medium-term forecasting conducted with the QPM - as a component of the broader FPAS analytical organization - establishes its critical role in supporting the Bank's forward-looking monetary policy framework.

Zero Interest Policy and the New Abnormal - Michael Beenstock 2022-08-02

In the 'New Normal' central banks set their interest rate to zero and print money through massive quantitative easing, while finance ministries run huge fiscal deficits. Yet inflation remains minimal. Zero Interest Policy and the New Abnormal explains why. It also explains why the New Normal is really the New Abnormal, and why it can't last. This study traces the academic roots of the New Abnormal to a conceptual confusion about the 'natural rates of interest', and postmodernism in macroeconomics, exemplified by the DSGE (dynamic stochastic general

equilibrium) movement. It develops a theory of 'existential risk' which is concerned with the collapse of political economies such the Bretton Woods system and the New Abnormal. The book demonstrates that existential risk expresses itself in the growing gap between the natural rate of interest, measured by the rate of return on capital, and the real rate of interest, as well as in the development of cryptocurrencies. Beenstock develops a theory of 'kinetic inflation' based on Keynes' liquidity trap, which accounts for the absence of inflation in the New Abnormal, and predicts its outbreak when zero interest policy ends. He also explores the adverse social consequences of the New Abnormal for fertility, pensions, house prices, economic inequality, and intergenerational equity and establishes a causal link from the New Abnormal to Covid-19 mitigation policy, and from the latter to the intensification of the New Abnormal. Finally, it assesses the prospects for ending the New Abnormal, and an orderly return to the Old Normal. The alternative is to crash-out of the New Abnormal chaotically.

Microfoundations Reconsidered - Pedro Garcia Duarte 2012-01-01

Most macroeconomists agree that we live in the age of microfoundations. The recent worldwide financial crisis may have emboldened critics of this microfoundational orthodoxy, but it remains the dominant view that macroeconomic models must go beyond supply and demand functions to the level of individual decision-making, taking into account the general dynamic environment where agents live. *Microfoundations Reconsidered* seeks to reassess how the relationship of micro and macroeconomics evolved over time. The highly regarded contributors to the book argue that the standard narrative of microfoundations is likely to be unreliable. They therefore re-examine the history of the relationship of microeconomics and macroeconomics, starting from their emergence as self-consciously distinct fields within economics in the early 1930s. They seek to go beyond the conventional history that is often told and written by practicing economists. From different perspectives they challenge the association of microfoundations with Robert Lucas and rational expectations and offer both a more complete and a deeper reading of the relationship between micro and macroeconomics. *Microfoundations*

Reconsidered is a valuable addition to the macroeconomic research literature. It is ideally suited to students, scholars, researchers, and practitioners with an interest in macro and microeconomics and the history of economics.

Price Setting in a Model with Production Chains - Maral Shamloo 2010-03-01

Reconciling the high frequency of price changes at the micro level and their apparent rigidity at the aggregate level has been the subject of considerable debate in macroeconomics recently. In this paper I show that incorporating production chains in a standard New-Keynesian model replicates two stylized facts about the data. First, sectoral prices respond with significantly different speeds to aggregate shocks. Meanwhile, the responses to sector-specific shocks are similar. Second, the standard price setting models are unable to quantitatively match the amount of monetary non-neutrality observed in the data. I argue, First, that the input-output linkages in production generate different responses to aggregate shocks across sectors. Second, calibrating this model to the US data can create five times more monetary non-neutrality in response to nominal shocks compared to an equivalent homogeneous economy with intermediate inputs. Finally, the model implies that upstream industries respond faster to aggregate shocks compared to downstream industries. I show that this prediction is supported by the data.

Emerging Issues in the Global Economy - Silvia Cristina Mărginean 2018-01-11

This proceedings volume provides current research on emerging issues in business, economics and finance in the global economy with particular emphasis on Eastern Europe. Featuring selected papers from the 2017 International Economics Conference in Sibiu (IECS) organized by the Lucian Blaga University of Sibiu, Romania, the contributing chapters consider new business models, theories, practices and instruments from advanced and emerging economies in the context of recent global trends. After over 20 years of increasing openness and liberation of the world economy, recent events in regions such as Europe, USA and Asia have created challenges to the idea of globalization and integration. There is a

delay between the real-world economic changes and the reflection of such changes in the economic research literature. The 2017 IECS conference and the enclosed papers aim to fill this gap in the study of globalization, covering diverse topics such as business administration, sustainability, corporate social responsibility, finance, accounting, tourism and business informatics.

A History of Macroeconomics from Keynes to Lucas and Beyond - Michel De Vroey 2016-01-08

This book retraces the history of macroeconomics from Keynes's General Theory to the present. Central to it is the contrast between a Keynesian era and a Lucasian - or dynamic stochastic general equilibrium (DSGE) - era, each ruled by distinct methodological standards. In the Keynesian era, the book studies the following theories: Keynesian macroeconomics, monetarism, disequilibrium macro (Patinkin, Leijonhufvud, and Clower) non-Walrasian equilibrium models, and first-generation new Keynesian models. Three stages are identified in the DSGE era: new classical macro (Lucas), RBC modelling, and second-generation new Keynesian modeling. The book also examines a few selected works aimed at presenting alternatives to Lucasian macro. While not eschewing analytical content, Michel De Vroey focuses on substantive assessments, and the models studied are presented in a pedagogical and vivid yet critical way.

Monetary Policy in Disaster-Prone Developing Countries - Mr. Alessandro Cantelmo 2022-04

This paper analyzes monetary policy regimes in emerging and developing economies where climate-related natural disasters are major macroeconomic shocks. A narrative analysis of IMF reports published around the occurrence of natural disasters documents their impact on important macroeconomic variables and monetary policy responses. While countries with at least some degree of monetary policy independence typically react by tightening the monetary policy stance, in a sizable number of cases monetary policy was accommodated. Given the lack of consensus on best practices in these circumstances, a small open-economy New-Keynesian model with disaster shocks is leveraged to evaluate welfare under alternative monetary policy rules. Results

suggest that responding to inflation to an extent sufficient to keep inflation expectations anchored, while allowing temporary deviations from its target is the welfare maximizing policy. Alternative regimes such as strict inflation targeting, exchange rate pegs, or Taylor rules explicitly responding to economic activity or the exchange rate would be welfare-detrimental.

The Role of the Exchange Rate in Inflation-Targeting Emerging Economies - Anna Nordstrom 2009-11-24

This paper explores the role of exchange rates in emerging economies with inflation-targeting regimes, an issue that has become especially germane during the current episode of financial turmoil and volatile capital flows. Under inflation targeting, the interest rate is the main monetary policy tool for influencing activity and inflation, and there is little agreement about the appropriate role of the exchange rate. The exchange rate is a more important monetary policy tool for emerging economies that have adopted inflation targeting than it is for inflation-targeting advanced economies. Inflation-targeting emerging economies generally have less flexible exchange rate arrangements and intervene more frequently in the foreign exchange market than their advanced economy counterparts. The enhanced role of the exchange rate reflects these economies' greater vulnerability to exchange rate shocks and their less developed financial markets. However, their sharper focus on the exchange rate may cause some confusion about the commitment of their central banks to achieve the inflation target and may also complicate policy implementation. Global inflation pressures, greater exchange rate volatility, and the financial stresses from the global financial turmoil that began in mid-2007 are heightening these tensions.

Theory of Macroeconomic Policy - Christopher Tsoukis 2020-10-29
Theory of Macroeconomic Policy reviews the theoretical foundations of macroeconomic, fiscal, and monetary, policy. It offers a panoramic view of macroeconomic theory, covering a wide range of topics that are not customarily dealt with in macroeconomics texts, as well as more standard material. Advanced theory is bridged with more elementary or intermediate material, and established models are reviewed alongside

current research directions. There is an extensive review of empirical evidence on virtually every topic, supplemented by narrative accounts for various episodes. The policy implications of the various theories are emphasised throughout. The chapters are largely self-contained so that different courses can focus at different places. A 'Guidance for Further Study' Section and extensive bibliography give plenty of ideas for all levels of independent study, from Undergraduate Projects to MSc Dissertations to PhD Theses. Theory of Macroeconomic Policy presents a balance between: breadth as well as depth; analytical treatment and intuition; theory and evidence; vintage theories and current directions; theory and policy; (established) theory and debate. Theory of Macroeconomic Policy is an affirmation that there is a well-developed body of theory that is invaluable for an in-depth understanding of the macro-economy and policy; equally, there is much scope for critical discussion and debate.

The Global Financial Crisis and the New Monetary Consensus - Marc Pilkington 2013-10-01

The Global Financial Crisis has reshuffled the cards for central banks throughout the world. In the wake of the biggest crisis since the Great Depression, this volume traces the evolution of modern central banking over the last fifty years. It takes in the inflationary chaos of the 1970s and the monetarist experiments of the 1980s, eventually leading to the New Monetary Consensus, which took shape in the 1990s and prevailed until 2007. The book then goes on to review the limitations placed on monetary policy in the aftermath of the global meltdown, arguing that the financial crisis has shaken the new monetary consensus. In the aftermath of the worst crisis since the Great Depression, the book investigates the nature of present and future monetary policy. Is the Taylor rule still a satisfactory monetary precept for central bankers? Has the New Monetary Consensus been shaken by the Global Financial Crisis? What are the fundamental issues raised by the latter cataclysmic chain of events? How should central banks conceptualize monetary policy anew in a post-crisis scenario? Existing books have dwelt extensively on the characteristics of the New Monetary Consensus, but

few have cast light on its relevance in a post-crisis scenario. This book seeks to fill this gap, drawing on the lessons from five decades of contrasted theoretical approaches ranging from Keynesianism, monetarism, new classical macroeconomics, inflation targeting and more recently, pragmatic global crisis management.

Getting Globalization Right - Luigi Paganetto 2018-09-15

This book presents stimulating new perspectives on three key sets of issues: a fair globalization, the policies that might be adopted in response to protectionist pressures, and sustainable development policies involving G7 and G20 actions to lay the foundations for renewed trust. The individual topics addressed within this framework are wide ranging. Examples include globalization and national inequality, globalization and policies for inclusive growth in developing countries, the sources of controversies regarding trade agreements and their effects, the impact of new U.S. commercial policies on the world trading system, real convergence in the Euro area, and the causes of Brexit. The book comprises a selection of contributions presented at the XXIXth Villa Mondragone International Economic Seminar. In offering contrasting points of view on topics of high current interest, it will appeal to academics, policymakers, and economic experts at institutions.

New Challenges for the Eurozone Governance - José Caetano 2021-02-22

This book adopts a comprehensive approach, combining the views of economists and political scientists, to assess the threats of maintaining the non-collaborative stance that prevailed in the response to past crises, and to explore new solutions to the present emergency. The coronavirus pandemic represents a serious test for the continued existence of the European Monetary Union. It has worsened pre-existing divisions among its members and highlighted the urgent need to address institutional and governance problems that were already apparent in the aftermath of the financial crisis and sovereign debt crisis, but have now gained in relevance following the more widespread impact of the disease across the European Union. This book discusses concrete strategies to overcome the current challenges, focusing on the need to build an effective economic and monetary union. It also reflects on ways of

pursuing conformity with discipline and coordination rules while also adopting a more collaborative stance that has so far been absent in the Eurozone and has consistently undermined the political and social dimensions of the common currency project.

DSGE Models in Macroeconomics - Nathan Balke 2012-11-29

This volume of *Advances in Econometrics* contains articles that examine key topics in the modeling and estimation of dynamic stochastic general equilibrium (DSGE) models. Because DSGE models combine micro- and macroeconomic theory with formal econometric modeling and inference, over the past decade they have become an established framework for analysis

Chinese Macroeconomy - Ninghua Sun 2022-10-17

This book deploys quantitative methods to focus on the operation of the Chinese economy as a whole since the reforms in 1978, by combining a range of mathematical, algorithmic and computational methods to analyze rich empirical data, seeking to demonstrate the long-term economic trends and dynamics of economic growth and fluctuations in China. To answer the core question of how the Chinese economy became what it is, the author draws on dynamic stochastic general equilibrium (DSGE) modeling and calibration, while also exploring microfoundations to reveal optimization behavior within a context of economic change at the macrolevel. The book examines internal shocks in the Chinese economic system, including institutional changes, credit policy and monetary policy, which are all closely associated with issues of enhancing the coordination and sustainability of development and the effectiveness and efficiency of policy reforms. It also elaborates on China's close interactions with the global economy, shedding light on the dynamic effects of energy prices, the Chinese Yuan exchange rate and foreign direct investment. This book is an essential reference for researchers and students interested in the Chinese economy, methods of microeconomic dynamics and macroeconomic theory and policy.

Foundations for a Disequilibrium Theory of the Business Cycle -

Carl Chiarella 2005-10-27

Building on *The Dynamics of Keynesian Monetary Growth* by Chiarella

and Flaschel (2000), this book is a key contribution to business cycle theory, setting out a disequilibrium approach with gradual adjustments of the key macroeconomic variables. Its analytic study of a deterministic model of economic activity, inflation and income distribution integrates elements in the tradition of Keynes, Metzler and Goodwin (KMG). After a qualitative analysis of the basic feedback mechanisms, the authors calibrate the KMG model to the stylized facts of the business cycle in the U.S. economy, and then undertake a detailed numerical investigation of the local and global dynamics generated by the model. Finally, topical issues in monetary policy are studied in small macromodels as well as for the KMG model by incorporating an estimated Taylor-type interest rate reaction function. The stability features of this enhanced model are also compared to those of the original KMG model.

Foundations of Modern Macroeconomics - Ben J. Heijdra 2017-08-25

The study of macroeconomics can seem a daunting project. The field is complex and sometimes poorly defined and there are a variety of competing approaches. It is easy for the senior bachelor and starting master student to get lost in the forest of macroeconomics and the mathematics it uses extensively. *Foundations of Modern Macroeconomics* is a guide book for the interested and ambitious student. Non-partisan in its approach, it deals with all the major topics, summarising the important approaches and providing the reader with a coherent angle on all aspects of macroeconomic thought. Each chapter deals with a separate area of macroeconomics, and each contains a summary section of key points and a further reading list. Using nothing more than undergraduate mathematical skills, it takes the student from basic IS-LM style macro models to the state of the art literature on Dynamic Stochastic General Equilibrium, explaining the mathematical tricks used where they are first introduced. Fully updated and substantially revised, this third edition of *Foundations of Modern Macroeconomics* now includes brand new chapters covering highly topical subjects such as dynamic programming, competitive risk sharing equilibria and the New Keynesian DSGE approach.

Finance and Democracy - Alessandro Vercelli 2019-11-19

This book is an extension of the author's last book (Crisis and Sustainability: The Delusion of Free Markets, Palgrave Macmillan, 2017) and sheds light on the evolution of the financial system after the 2007/08 crisis and on changes and developments in the regulatory framework that have taken place concurrently over the last ten years. The book's central theme addresses the neoliberal philosophy of financial regulation and, in particular, the role of self-regulating markets in the finance sector and how this has affected incentives and behaviour within the finance sector. The author contends that neoliberal maxims have led us to believe that market-based finance is superior to, and safer than, a more rules-based regulatory regime for the sector, and then explains that experience suggests otherwise. The huge expansion of 'financialization' in the developed economies over the last two decades has greatly magnified the risks emanating from the impact of highly leveraged, risk averse, under-regulated finance on other sectors of these economies. The author concludes that financial institutions need to be encouraged to operate within a more socially responsible matrix that facilitates and promotes long-term economic growth coupled with social stability.

The Return to Keynes - Bradley W. Bateman 2010-06-01

Keynesian economics, which proposed that the government could use monetary and fiscal policy to help the economy avoid the extremes of recession and inflation, held sway for thirty years after World War II. However, it was discredited after the stagflation of the 1970s, which not only proved resistant to traditional Keynesian policies but was actually thought to be caused by them. By the 1990s, the anti-Keynesian counter-revolution seemed to reach its pinnacle with the award of several Nobel Prizes in economics to its architects at the University of Chicago. However, with the collapse of the dot-com boom in 2000 and the attacks of 9/11 a year later, the nature of macroeconomic policy debate took a turn. The collapse prompted a major shift in macroeconomic policy, as the Bush administration and other governments around the world began to resort to Keynesian measures--both monetary and fiscal policies--to stabilize the economy. The Keynesian rebirth has been most dramatically illustrated during the past year when central banks have pumped billions of dollars of liquidity into the world's financial system to address the crises of confidence, illiquidity, and insolvency that were triggered by the sub-prime lending crisis. The Return to Keynes puts Keynesian economics in a fresh perspective in order to assess this surprising new era in economic policy making.