After New-Keynesian Macroeconomics*

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Last Version

Abstract

This paper revisits

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JEL classification: E1, E2, E3, E6.

Introduction

40 years ago, Lucas and Sargent (1978) pointing to stagflation, attacked Keynesian macroeconomics asking what would come "after Keynesian macroeconomics". Since then, the Phillips curve This paper argues that the sticky-price, IS-LM version of macroeconomics, was indeed disproved by the coexistence of inflation and unemployment. However, the New-Keynesian school argues that expectations of inflaytion changed...

Geerolf (2018) and Geerolf (2019)

Robinson (1974)

Summers (1991)

1 Expectations are overrated

2 Consumption smoothing also is overrated

The euler equation is central to most macroeconomic thinking. One "puzzle", for example, is that consumption booms come together with appreciation of real exchange rates, Backus and Smith (1993)

*This is a preliminary draft. Comments are welcomed. Please read the most recent version of the draft here.

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A Proofs