

Course descriptor

Title of the course	Macroeconomics I		
Title of the Academic Programme	Masters in Economics (1st year), Masters in Finance (1 st year)		
Type of Course	Mandatory; available to foreign students		
Prerequisites	Mathematics for Economists, undergraduate-level Macroeconomics		
ECTS workload	6		
Total indicative study hours	Directed Study	Self-directed study	Total
	52	176	228
Course Overview	<p>Macroeconomics is the study of <i>economic growth</i> and <i>business cycles</i>. It aims to explain observed aggregate time series for economic variables like GDP, consumption, investment, prices and wages, and the rate of unemployment. In this course we will concentrate on the study of business cycles, or economic phenomena in the short run. Study of economic growth is mostly relegated to the Macroeconomics II course.</p> <p>In the short run an economy experiences nominal rigidities (sticky prices and wages) and expectational errors (prices that are different from what was expected). Rigidities and expectations make <i>nominal</i> aggregate demand, which could fluctuate because of some shock, affect <i>real</i> economic activity such as output and unemployment. Therefore, it is necessary to engage in <i>aggregate demand management</i> in order to <i>stabilize</i> the economy. We will study such <i>stabilization policies</i> (mostly <i>fiscal</i> and <i>monetary</i>) and the most efficient ways of performing them.</p> <p>The global financial and economic crisis of 2008–2011 and slow recovery from it is a topic that will concern us throughout the course. We will attempt to look at it from a macroeconomist’s point of view and evaluate different economic policies enacted around the world. We will dive into the world of macroeconomic data and the economic blogosphere, which debates current events.</p>		
Intended Learning Outcomes (ILO)	<p>Understand the main mechanisms operating in the economy</p> <p>Know the basic building blocks of short-run macroeconomic theory</p> <p>Be able to describe the process of the economy’s adjustment towards equilibrium after a shock</p> <p>Have an understanding of the monetary policy conducted under Taylor Rule</p> <p>Be able to derive consumption and investment functions in simple settings, as well as understand the concept of the optimal monetary policy</p> <p>Understand the need for stabilization policy, and the methods it is conducted by the government (fiscal policy) and the Central Bank (monetary policy)</p>		
Indicative Course Content	<ol style="list-style-type: none"> 1. What is macroeconomics? Macro for short and long run. 2. Business cycles facts. 3. Short run model of the economy: building blocks. <ol style="list-style-type: none"> a. Investment and asset prices. b. Consumption, income, wealth. c. Monetary policy and AD. d. Inflation, Unemployment, Phillips curve, and AS. 4. Short run model of the economy and policy: closed economy. <ol style="list-style-type: none"> a. Explaining business cycles with AS and AD. 		

	<ul style="list-style-type: none"> b. Stabilization policy: why and how? c. Stabilization policy with rational expectations. d. Stabilization policy under uncertainty and imperfect credibility. <p>5. * Short run model of the economy and policy: open economy.</p> <ul style="list-style-type: none"> a. * Open economy version of AS/AD model. <p>* Open economy and exchange rate regimes.</p>
Teaching and Learning Methods	The course consists of lectures (24 hours) and tutorials (28 hours). The tutorials involve solving problems and discussing real-time macroeconomic issues using terms and concepts studied in class.
Indicative Assessment Methods and Strategy	Students' progress will be measured by in-class tests (20% of the final grade), homeworks (20%), and 90-minute written final exam (60%).
Readings / Indicative Learning Resources	<p><i>Main textbook:</i></p> <p>(SWJ) P. B. Sorensen and H. J. Whitta-Jacobsen, <i>Introducing Advanced Macroeconomics: Growth and Business Cycles</i>, 2nd ed., 2011, McGraw-Hill Higher Education.</p> <p><i>Additional Textbook:</i></p> <p>(DLS) M. Doepke, A. Lehnert, and A. W. Sellgren, <i>Macroeconomics</i>, 1999, available at http://faculty.wcas.northwestern.edu/~mdo738/textbook/main.pdf</p> <p>Additional papers will be distributed in class for in-class presentations and discussions</p>
Course Instructor	Sergey Slobodyan, Victoria Zezerova