Macroeconomics

Description
Macroeconomics looks at economics at the aggregate level, usually at a national level, but also from a regional or global perspective. It deals with issues that students can read about on a daily basis, such as inflation, unemployment, fiscal and monetary policy, interest rates, economic growth, etc. The course will introduce students to the main macroeconomic theories, providing them with tools to understand economic developments and policy debates, and the ability to assess macroeconomic trends.

Semester: Second
Course: 1
Credits: 4.00

Objectives
To provide students with an understanding of the main macroeconomic forces at work in a modern economy, the theories that seek to explain these forces, and the ability to interpret economic trends and participate in policy debate.

Contents
1. Measuring a Nation’s Income (Chapter 23). The circular flow of income and Gross Domestic Product (GDP).
2. Measuring the Cost of Living (Chapter 24). The consumer price index and GDP deflator, and the difference between real and nominal economic variables.
4. Saving, Investment, and the Financial System (Chapter 26). The relationship between saving and investment, the role of the interest rate in bringing supply and demand for loanable funds into equilibrium. Public versus private saving.
5. The Basic Tools of Finance (Chapter 27). Highlights only.
6. Employment and Unemployment (Chapter 28). Highlights only
7. The Monetary System (Chapter 29). The function of money, defining money, the money supply, the role of the central bank and commercial banks in money creation.
8. Money growth and Inflation (Chapter 30). The long-run neutrality of money, printing money, inflation as a tax, costs of inflation.
10. Keynesian theory (Chapter 33). The Keynesian cross, multiplier effect, and IS-LM model.


13. The Short-Run Trade-Off between Inflation and Unemployment (Chapter 36). The Philips curve. Highlights only.

Methodology

The course will follow closely the structure set out in the main textbook, Economics, by Mankiw, N. Gregory and Taylor, Mark P. (This is the European edition of Principles of Economics, by N. Gregory Mankiw). We will aim to cover the main material in chapters 23 to 36 of this book, and selected material from chapters 37 and 39).

Weekly homework will test students’ knowledge of the material covered in the lectures. The students will also prepare and present in class a macroeconomic assessment of a country of their choice.

Evaluation

Continuous Assessment:

Attendance, participation and course project 30% (10% +5%+15%)
Mid-term exam 40%
Final exam 30%

Retake policy: students who fail the course (weighted average grade <5) can sit a retake exam which retests all the material covered in the course. The students’ course grade will then be the weighted average of the retake grade (70%) and the student’s original grade for the course projects, attendance and participation (30%).

Evaluation Criteria
Basic Bibliography

Readings:

As well as the main textbook, additional readings will be posted on the e-study or handed out in class. Most of these readings will consist of newspaper or magazine articles, typically from the Financial Times and the Economist, or from relevant economic blogs or institutions.

Recommended Textbooks:

Mankiw, N. Gregory and Taylor, Mark P., ECONOMICS, 2nd edition, Cengage Learning EMEA
(The US edition of the this book is: Mankiw, N. Gregory, PRINCIPLES OF ECONOMICS, South Western)


Additional Material

Other sources:

http://cws.cengage.co.uk/mankiw_taylor2/students/stu_title.htm

http://gregmankiw.blogspot.com/

http://krugman.blogs.nytimes.com/
http://economistsview.typepad.com/
http://www.econlib.org/library/CEECategory.html
http://www.project-syndicate.org
www.voxeu.org
www.oecd.org
www.imf.org