

# Macroeconomics

Module 4, 2018-2019

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## Course description

The core of this course is macroeconomic models (AD-AS/AA-DD), as well as open economy and central bank policy. The course does not require advanced calculus.

## Course requirements, grading, and attendance policies

Statistics, mathematics.

The course grade is based on home assignments (30%), cases (30%) and final exam (40%).

## Course contents

Week	Date	Topic	Reading
1		<b>Introduction and national income accounting.</b> <ol style="list-style-type: none"><li>1. GDP, inflation, unemployment</li><li>2. Trend and deviations</li></ol>	[1]
2		<b>Economic growth: the Solow model and beyond</b> <ol style="list-style-type: none"><li>1. Trend growth</li><li>2. Solow model without technology</li><li>3. Solow model with technology</li></ol>	[2]
3		<b>Open economy in the long-run</b> <ol style="list-style-type: none"><li>1. Exchange rates</li><li>2. Trade and capital flows</li><li>3. Shocks and their impact</li></ol>	[3], [7]
4		<b>Money market and inflation</b> <ol style="list-style-type: none"><li>1. Money creation</li><li>2. Inflation and money growth</li><li>3. Banks' assets and liabilities</li></ol>	[4]
5		<b>Economy in the short-run</b> <ol style="list-style-type: none"><li>1. AD-AS/IS-LM/AA-DD model</li><li>2. Equilibrium in the markets</li><li>3. Shocks and their impact</li></ol>	[5], [8]
6		<b>Macroeconomic policy in developed countries</b> <ol style="list-style-type: none"><li>1. Taylor rule</li><li>2. Inflation targeting</li></ol>	[6]
7		<b>Macroeconomic policy in developing countries</b> <ol style="list-style-type: none"><li>1. Inflation stabilization</li><li>2. Financial crises</li><li>3. Review</li></ol>	[6], [9]

### **Course materials**

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1. Mankiw "Macroeconomics", Chapters 1-3
2. Mankiw "Macroeconomics", Chapters 7.1, 8.1-8.3
3. Mankiw "Macroeconomics", Chapter 5
4. Mankiw "Macroeconomics", Chapters 4, 18.1
5. Mankiw "Macroeconomics", Chapters 9 and 10-12
6. Mankiw "Macroeconomics", Chapter 14
7. Case "Brazil"
8. Case "Latvia"
9. Case "Quantitative easing"

### **Academic integrity policy**

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Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.