

## *Intermediate Macroeconomics and Policy*

### **1. MODULE SUMMARY**

#### **Aims and Summary**

The aim of the course is to provide students with modern macroeconomics that incorporates the interplay between macroeconomics and finance. The lessons of the Global Financial Crisis of 2008 will be discussed and how financial frictions can impact macro-economy. Students should be able to understand how macroeconomic policy responds to the phenomena which do greatest harm to societal well-being such as unemployment, inflation and deflation, financial instability, fiscal and banking crises.

The course builds a three-equation model that is used to analyse macroeconomic policy and applied to financial crisis as well as to other demand shocks and supply shocks.

#### **Module Size and credits**

<b>ECTS points</b>	6
<b>Total student study hours</b>	125
<b>Number of weeks</b>	12
<b>School responsible</b>	Lazarski University, Faculty of Economics and Management
<b>Academic Year</b>	2021/2022

#### **Entry Requirements (pre-requisites and co-requisites)**

Introductory Microeconomics, Introductory Macroeconomics, Mathematics, Introduction to Economic Analysis

#### **Composition of module mark (including weighting of components)**

Final exam, 60% (a comprehensive exam)

Coursework: 40% (a research project combining the elements of theoretical analysis and data analysis)

#### **Pass requirements**

To pass the course a student must score at least 40% of the overall weighted average and not less than 35% for each assessment component (i.e. coursework and final exam). Reassessment: coursework component(s) and/or examination as appropriate.

### **Special Features**

None

### **Course stages for which this module is mandatory**

BA in Business Economics, Year 2

### **Course stages for which this module is a core option**

None

## **2. TEACHING, LEARNING AND ASSESSMENT**

### **Intended Module Learning Outcomes**

By the end of the course, students should be able to:

1. Apply relevant macroeconomic models
2. Apply mathematics for analytical purposes in macroeconomics
3. Analyse the effectiveness of different policy approaches.
4. Appraise alternative macroeconomic concepts and theories in real world problems, analyse and conceptualize economic policies in changing institutional frameworks.
5. Appraise the potential benefits, but also the limitations of macroeconomic policies.
6. Contrast conventional with unconventional methods of conducting monetary policy

### **Indicative Content**

1. Construction of the three-equation model that grasps the demand side, supply side and central bank policy rule
2. Extension of the model to open economy
3. Money, banking and its role in the macro-economy
4. Application of the models to financial crises
5. Monetary policy under stress: zero lower bound of interest rates and remedies – unconventional instruments
6. Monetary policy and financial stability
7. Fiscal policy – Eurozone public debt crisis, austerity debate
8. Supply–side reforms

## 9. Real Business Cycles (RBC) and New Keynesian Economics (NKE)

### Teaching and Learning

This module will be taught by means of lectures, discussion seminars and self-directed study.

Student activity and time spent on each activity comprises:

<b>Guided</b>	0 hours	(0%)
<b>Lecture</b>	45 hours	(36%)
<b>Self-guided</b>	50 hours	(40%)
<b>Seminar</b>	30 hours	(24%)
<b>Workshop</b>	0 hours	(0%)
<b>Total</b>	125 hours	(100%)

### Method of Assessment (normally assessed as follows)

Final exam, 60%, will assess all learning outcomes.

Coursework, 40%, is constituted of the research project assessing learning outcomes 1-4.

### Re-sit

Students failing any component of assessment, at the first attempt, is entitled to one re-sit attempt.

This will be by new examination and/or new coursework scheduled for the next assessment opportunity. For coursework, if more than one element existed in the first attempt, this may be combined into one assessment for re-sit.

### Date of last amendment

30-01-17

## 3. MODULE RESOURCES

### Essential Reading

Carlin, W., 2015. *Macroeconomics: Institutions, Instability, and the Financial System*, Oxford: Oxford University Press. (latest edition)

Burda, M., 2017. *Macroeconomics, A European Text*, 7<sup>th</sup> ed. Oxford: Oxford University Press. ( called BW)

(The 5e from 2009 can be used for most material, but it misses the material on the global crisis.)

Blanchard, O., Dell’Ariccia, G., and Mauro, P., 2010. ‘Rethinking Macroeconomic Policy’, *IMF Staff Position Note*, SPN/10/03, February. (sourced online)

Blanchard, O., Dell’Ariccia, G., and Mauro, P., 2013. ‘Rethinking Macroeconomic Policy II: Getting Granular’ *IMF Staff Discussion Note*, SDN/13/03, April 15. (sourced online)

Blanchard, O., 2015, ‘Rethinking Macroeconomic Policy III: Introduction’, [www.voxeu.org](http://www.voxeu.org) 20 April

### **Supplementary Reading**

Dornbusch, R., Fischer, S. and Startz, R., 2016. *Macroeconomics*. 13th ed. McGraw-Hill

Chiang, A., and Wainwright, K., 2005. *Fundamental Methods of Mathematical Economics*. 4<sup>th</sup> ed. McGraw Hill. Chapters: 5.6 and 8, in particular the section 8.6 on the IS-LM model.

IMF, 2015. “Now Is the Time. Fiscal Policies for Sustainable Growth”, *Fiscal Monitor*, April.

Bernanke, B. S., 2012, August. Monetary Policy since the Onset of the Crisis. In *Federal Reserve Bank of Kansas City Economic Symposium, Jackson Hole, Wyoming* (Vol. 31).

Ben Bernanke’s blog at Brookings Institution – various posts

The Economist

### **Required Equipment**

None

## **4. MODULE ORGANISATION**

### **Module leaders**

**Name** Prof. Joanna Działo

**Email** joanna.dzialo@lazariski.pl

### **Length and month of examination**

120 minutes in January

### **Subject Quality and Approval information**

**Board of Study** Faculty Collaborative Provision Committee

**Subject Assessment Board** Faculty Council, Faculty of Economics and Management

### **Shortened title**

**Date of approval by FCPC** 13 Feb 2017