Module: II - Economics

Name of course: Macroeconomics

Duration: 24 hours

Course instructor:

Alessandro Piergallini
Lecturer in Economics
University of Rome “Tor Vergata”
Email: alessandro.piergallini@uniroma2.it
Office Hours: Tuesday 3-5 – Building B – 3rd Floor – Office D8

Course description:

This course is concerned with macroeconomic theory and policy. We study the links between key macroeconomic variables such as output, unemployment, inflation, public debt and deficits, money supply, interest rates, exchange rates, asset prices, oil prices. We focus on the implications for business cycles and the design of fiscal, monetary, and exchange-rate policies.

We examine the topics from two perspectives:

1) real-world issues and case studies using historical and contemporary data, with special reference to the current macroeconomic and financial crisis;

2) analytical concepts and frameworks that enable us to deal with the interactions between goods, labor and assets markets.

At the end of the course, students will be able to:

1) analyze and discuss the connection between the main macroeconomic variables;

2) explain what are the main determinants of business cycle fluctuations;

3) examine how fiscal and monetary policies can affect real macroeconomic activity through their interaction with goods, labor, and assets markets;

4) evaluate theories on the basis of the empirical evidence;

5) use both theory and evidence to investigate the actual macroeconomic and financial crisis;

6) analyze and critically discuss actual problems that governments, central banks, and international institutions have to face;

7) investigate policies and strategies can macroeconomic policy makers adopt to solve economic and financial problems, and evaluate their strengths and weaknesses.
**Core Readings:**

The central learning resource is given by the *Lecture Notes*, which will be available on the MESCI website. Students must accompany their study with the textbook *Macroeconomics, Understanding the Global Economy* (third edition, 2012) by David Miles, Andrew Scott and Francis Breedon. This is a widely used postgraduate macroeconomics textbook, which shows and explains several remarkable links between standard macroeconomic theories and historical as well as contemporary data.

Students are also provided with some academic articles and policy reports. Students are expected to study them as an essential part of the Course although they will find that some academic articles adopt more advanced techniques and display a greater level of conceptual difficulty than the Lecture Notes. That is the nature of academic articles. Students are however expected to understand and critically interpret their key points and arguments.

**Optional Readings:**

Here below some useful reference for optional readings is listed. These readings are not essential and not required for the final examination. Students might want to read some of them in order to strengthen their background or investigate a particular topic further.

1) Mathematical tools needed to undertake the Course can be found in


2) For Intermediate Macroeconomics books using analytical frameworks that are comparable to those adopted in our Course, it is suggested:


3) For an advanced study of macroeconomic theory, it is finally suggested:

Syllabus and Readings:

The Course develops five topics. The plan of the lectures is as follows.

**Topic 1: Introduction to Macroeconomics**


**Topic 2: Fiscal Policy**


[2.1] Lecture Notes, pp. 27-64.


**Topic 3: Monetary Policy**


[3.1] Lecture Notes, pp. 65-106.


**Topic 4: Exchange Rate Regimes and Macroeconomic Policies**


[4.1] Lecture Notes, pp. 107-141.


**Topic 5: Unemployment, Inflation and the Role of Economic Policy**


[5.1] Lecture Notes, pp. 142-230.


[5.9] J. Cochrane (2009), Are We All Keynesian Now?, University of Chicago.


**Exam:**

You are given 4 questions to answer. The examination must be completed in one hour. I give equal weight to each question; therefore, you are advised to distribute your time approximately equally over the four questions. I wish to see evidence of your ability to understand theoretical principles and of your ability to critically discuss their application. A specimen examination paper showing you the type of the written exam is provided to the students.