



**Subject:** Intermediate Macroeconomics

## SYLLABUS

### Topic 1. Equilibrium in the short run

- 1.1 Goods market equilibrium
- 1.2 Financial market equilibrium
- 1.3 Macroeconomic behaviours on short and medium term

### Topic 2. Economic fluctuations. Models of aggregate demand and supply

- 2.1 Introduction in the theory of economic fluctuations
- 2.2 Aggregate demand and supply. Short and long term.
- 2.3 Shocks of aggregate supply and of aggregate demand. Real business cycles.
- 2.4 Models of aggregate supply
- 2.5 The role of money supply in setting the AD-AS equilibrium
- 2.6 Derivation of the Phillips curve from the aggregate supply on short term. Inflation inertia

### Topic 3. The theory of long-run economic growth

- 3.1 Hypotheses of the Solow model. The steady state in the Solow model
- 3.2 Extensions of the Solow model. Returns of scale
- 3.3 Endogenous growth versus exogenous growth. The role of macroeconomic policies
- 3.4 AK model of endogenous growth

### Topic 4. Fiscal policy, saving and economic growth

- 4.1 Fiscal policy
- 4.2 The pattern of the macroeconomic stabilization policies: active or passive
- 4.3 Time inconsistency. Case studies
- 4.4 The role of automatic stabilizers. Case study

### Topic 5. Money and inflation

- 5.1 Nominal money growth
- 5.2 Determination of money demand. Neutrality and non-neutrality of money
- 5.3 Wages and sticky prices. Cyclical behaviour of real wages.
- 5.4 Monetary rules in emergent open economies. Taylor rule. Credibility of central banks.

### Topic 6. Extensions. Open Economy.

- 6.1 IS-LM model in the open economy
- 6.2 Depreciation, commercial balance and output. Marshall Lerner condition.
- 6.3 Output, interest rates and exchange rates
- 6.4 Consumption, investment and the role of expectations
- 6.5 Financial crises, monetary policy
- 6.6 Financial institutions, the decision to invest
- 6.7 The role of institutions in the process of economic growth

### References:

1. A.J. Auerbach and L.J. Kotlikoff, *Macroeconomics: An integrated approach*, MIT Press, Harcourt College Publishers, 2nd edition, 1999
2. O. Blanchard, *Macroeconomics*, 5th edition, Pearson 2008

3. O. Blanchard, Alessia Amighini, Francesco Giavazzi, *Macroeconomics- A European Perspective*, Pearson, 2010
4. Mankiw, Gregory, *Macroeconomics*, 6th edition, Intermediate Textbook, Worth Publishers, 2008
5. Lucas, R., On the Mechanics of Economic Development. *Journal of Monetary Economics*, vol. 22, no.1, 3-42, 1988
6. Mankiw, G., Romer, D., & Weil, D., A contribution to the empirics of economic growth. *The Quarterly Journal of Economics*, vol. 107, no.2, 407-437, 1992
7. Solow, R. M., Technical Change and the Aggregate Production Function. *The Review of Economics and Statistics*, vol. 39, no. 3, 312-320, 1957
8. Lucas, R., On the Mechanics of Economic Development. *Journal of Monetary Economics*, vol. 22, no.1, 3-42, 1988
9. Mankiw, G., Romer, D., & Weil, D., A contribution to the empirics of economic growth. *The Quarterly Journal of Economics*, vol. 107, no.2, 407-437, 1992
10. Solow, R. M., Technical Change and the Aggregate Production Function. *The Review of Economics and Statistics*, vol. 39, no. 3, 312-320, 1957