Macroeconomics 1

Module Code: ECO00014C
Credits: 30
Terms: 1-3

Contact Hours: 38 Lectures, 8 Practicals, 8 Seminars (54 contact hours)
Module Organiser: Joao Madiera

Overview

Aims
The module aims to introduce the concepts and analytical techniques used in modern macroeconomics, to enhance awareness of macroeconomic facts and to encourage ability to use macroeconomic theory to understand and interpret macroeconomic events.

The module will:
- Introduce and develop a coherent framework for macroeconomic analysis.
- Use this framework to evaluate underlying causes and consequences of current and past macroeconomic phenomena such as recessions and financial crisis, inflation and growth.
- Use this framework to propose macroeconomic policy aimed at reducing economic volatility or other undesirable phenomena.
- Develop a critical appreciation of the strengths and limitations of the macroeconomic framework employed in the module.

Objectives

Students should be able to understand, apply, and critically appraise the following macroeconomic models and concepts:
- The Keynesian cross model of aggregate expenditure.
- The IS-LM model in closed and open economy settings.
- The Aggregate Demand-Aggregate Supply model.
- The Phillips Curve.
- The Solow growth model.

Students will be able to apply these models, as well as other concepts and arguments introduced in the module, to better understand the determination of major macroeconomic variables such as inflation, unemployment, aggregate output and the interest rate. Students will also be able to apply these same models and concepts to recommend and appraise appropriate macroeconomic policy responses in different settings.

The emphasis throughout the unit is on using theory to explain current and past macroeconomic problems. The module assumes no prior knowledge of macroeconomics. The exposition is mainly diagrammatic but at times uses simple algebra and a certain amount of differential calculus.

Assessment
Unseen 3 hour examination in the Summer Term
Pre-requisites
None

Main References
The module will closely follow the textbook:
- Blanchard, O., Amighini, A., and Giavazzi, F. (2010). Macroeconomics: A European Perspective. 1st ed. Pearson. (If this is not revised before 2014, then the module will follow the most recent edition of the textbook Macroeconomics, by Olivier Blanchard.)