

Foundations in Macroeconomics (ECO5042) Syllabus 2020

Instructor: Prof. Dr. Robert Godby
Office Hours: To be announced and also by appointment
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Time: January 13 to 24, 2020, classes to be announced when confirmed
Room: W4.1.06 and W1.3.01 (Jan 17)
ECTS-Credits: 3
Level: Advanced Level II
Prerequisites: -
Accessibility: Course is compulsory for 1st semester MBA-IM students and open to international guest students on MBA-level

Outline of the course

1. Introduction to macroeconomics
2. Macroeconomic goals and the current global situation
3. The short run: Keynesian demand-side economics and policy implications
4. The medium and long run: Supply-side economics and policy implications
5. Monetary theory and the monetary policy of the European Central Bank

Learning Objectives:

By the end of the course, participants should be capable of:

- Understanding the importance and consequences of macroeconomic conditions for the economy as well as for business decisions
- Interpreting and applying the basics of macroeconomics models and theories to real world economies.
- Applying medium and long-run neoclassical and short-run Keynesian macroeconomic theory to current economic topics
- Explaining major determinants of growth, employment, and price stability.
- Understanding the causes and consequences of low growth rates, unemployment and inflation on business and the economy
- Interpreting different short- and long-run monetary and fiscal policies to overcome macroeconomic problems and having a clear idea how these policies can affect the economy and business

Course contributions to the MBA program goals/learning outcomes

	Program Goal /Learning Outcome	Course Contributions to Learning Outcome	Assessment
1	Knowledge of business functions and processes as well as methods and models Through their master's thesis,	Analyzing data based on macroeconomic concepts and their limits, short-and long-term theories of the macro-economic	<ul style="list-style-type: none"> • Interactive lecture • Group discussion

	students will demonstrate their knowledge of business functions and processes as well as relevant tools.	process and its implications for policy and business, application issues of current economic policy.	<ul style="list-style-type: none"> Final written exam
2	Analytical competence, critical thinking and creative problem solving Students will demonstrate analytical competence and problem solving skills.	Critical analysis of the causes of macroeconomic issues and their implications. Critical discussion of competing theories regarding policy recommendations and conclusions.	<ul style="list-style-type: none"> Interactive lecture Group discussion Final written exam
3	Leadership and team competence Students demonstrate social competence - being able to co-operate effectively in a team in order to achieve their aims. 3.1 Students demonstrate social competence of being able to cooperate effectively in teams in order to achieve their aims. 3.2 Students demonstrate that they possess leadership competencies required for leading complex projects.		<ul style="list-style-type: none"> Presentation and discussion of team input for presentation
4	Mastery of the challenges of global sustainability Students have basic knowledge of sustainability and are able to examine issues of global sustainability and their causes as well as develop strategies for sustainability.	Discussion of limitations of economic GDP/GNP as welfare measures (Beyond GDP discussion etc.)	<ul style="list-style-type: none"> Group discussions Final written exam
5	Innovation management Students are able to identify innovation potential for a given case and develop complex technological strategies.		
6	Communication skills Students should be able to communicate complex contexts, theories, concepts and solutions in oral and written communication convincingly. 6.1 Students will demonstrate they are		<ul style="list-style-type: none"> Presentation and discussion of team input for presentation

6.2	able to communicate complex material scientifically. Students will demonstrate oral communication skills.		
7	Ethical awareness Students are able to develop strategies for solutions and communication based on company ethics and are able to apply them to typical decision making problems	Discussion of limitations of economic GDP/GNP measures and alternative approaches for welfare assessment (Human Development Approach etc.)	<ul style="list-style-type: none"> • Group discussions • Final written exam

Basic Course Outline and Organization:

Lecture presentations will be made available by email in advance. Additional basic reading in advance is expected and necessary, as described in the course outline. The class is assumed to be interactive - students are encouraged to bring relevant articles or items for discussion when the applications apply to topics to be discussed.

I will potentially ask for presentations from groups of students throughout the course. Expectations and content will be discussed in class when we meet in the first class in January.

The final written exam will take place at a time and place to be announced. Answers will be used to assess your knowledge of the material and that you are able to apply concepts learned to real world economic and business issues.

Grading:

Preparations active participation in group discussions are mandatory to pass the course. Grading is normally based upon the quality of your answers in the written exam, however, participation and presentation quality will be taken in to consideration and your exam grade may be adjusted by +/- 0.5.

Course Materials:

The course relies on custom lecture presentations prepared for the class, however the following text link may also serve as a supplementary source:

The basic text I will follow is (I use an older text as it is easily found and cheap!)

Mankiw, G. N.; Taylor, M. P. (2006): Macroeconomics, W.H.Freeman & Co Ltd; revised European edition.

American editions of the Mankiw text are also useful though they do not include description of European macroeconomic institutions, For example:

Mankiw, G. N. (2010): Macroeconomics, 7th edition, Worth Publishers

Mankiw, G. N. (2013): Macroeconomics, 8th edition, Worth Publishers

Availability of the lecturer and teaching philosophy:

Prof. Dr. Robert Godby

Office hours: To be announced and also by appointment

Email: rgodby@uwyo.edu

Because I am visiting, the best way to contact me is via email. Arrangements will be made to meet students as necessary at a mutually agreeable time and place.

My main goal is to introduce you to macroeconomics and to make clear why this topic is so relevant to business people and policymakers, or just out of esoteric interest. The course is broken into two parts: Part I - basic macro theory and measurement, and Part II - Business cycles, growth and policy. Each covers the relevant theory. After the first class as we realize what students know and what they don't I will tailor the course to meet the needs and talents of who we have in the class. I expect to use some of the ideas we cover to be the basis of the presentations. Presentations will occur in the second week of the course. I will choose articles or topics for presentations. Please do not hesitate to contact me as early as possible if you have any questions or problems.

Course Schedule:

January 13-15th:

Part 1: Macroeconomics: Basics:

Lecture 1: Introduction to Macroeconomics -

- What is Macroeconomics?
- Conceptual Organization of the Economy to a Macroeconomist.

Reading: Lecture 1 PowerPoint presentation
How the Economy works: Chapter 1, Chapter 3 Mankiw and Taylor (2006)

Lecture 2: Macroeconomic Measurement: Output, Income, Unemployment and Price level

- Measurement concepts
 - Output: GDP
 - Unemployment
 - Price level and Inflation
 - money in more detail - expected inflation ideas
 - the costs of inflation to the economy
- The Global Economic Situation - specifically the United States and Europe.

- Europe: Student Presentations

Group 1 Eurozone GDP

Group 2 Eurozone Unemployment

Group 3 Eurozone Inflation rates

Reading: Lecture 2: Lecture 2 PowerPoint presentation
Chapter 2 Mankiw and Taylor (2006)

Other helpful sites:

http://ec.europa.eu/archives/economy_finance/inflation/measuring_en.htm

Discussion Articles (some we might consider though more recent ones can be used):

- 1) <http://www.economist.com/news/finance-and-economics/21589439-rich-world-and-especially-euro-zone-risks-harmfully-low-inflation>

- 2) <http://www.economist.com/blogs/freeexchange/2013/11/economic-history-1?zid=295&ah=0bca374e65f2354d553956ea65f756e0>
- 3) <http://economix.blogs.nytimes.com/2013/12/02/economists-are-different-from-you-and-me/?emc=eta1&r=0>

January 15-20th:

Lecture 2: continued

Lecture 3: What is Money? Money and Banking

- The Monetary System and Banking.
- Bank balance sheets
- the "money multiplier"
- Risks in the banking system: Financial Risk vs. Systemic risk
- the "money multiplier in more detail.

Reading: Lecture 3: Lecture 3 PowerPoint presentation

Chapter 4: Money and Inflation Mankiw and Taylor (2006)

Lecture 4a: The Business Cycle/Labour Markets

- Economic fluctuations: theories of the very short and short run
 - AS-AD model: business cycle theory
- the "Classical" long-run model of the economy: from micro to macroeconomics.
 - Approaches to Macroeconomics:
 - the short and very short-run
 - the long-run and very long run.

Lecture 4b: Policy-making

- Policy-making tradeoffs
- What can be done?
 - Fiscal Policy
 - Monetary Policy
 - IS-LM the interplay of money and goods markets.
- What should be done? By Whom?

Lecture 4c: Labour Markets:

- the standard search model of long-run unemployment
- the price setting/wage setting model (not included in text - see class Lecture

notes.)

Reading: Lecture 4 Powerpoint presentation,

Chapter 3, The Economy in the Long Run. Mankiw and Taylor (2006)

Chapters 9 to 11: Business cycle Theory, Mankiw and Taylor (2006)

Chapter 6: Approaches to Unemployment, Mankiw and Taylor (2006)

January 22 to 24

Lecture 5: The Economy in the Very Long Run - Economic Growth

- Theory: determinants of growth in the very long-run.
- Policy: using growth theory in setting long run economic goals.
 - policy in developed economies versus developing economies

Reading: Lecture 5 Powerpoint presentation

Chapters 7 and 8: Economic Growth and Policy, Mankiw and Taylor (2006)

Lecture 6: Macroeconomics in an Open economy

- economic policy in an open economy
- fixed and flexible exchange rates
- International trade and capital flows
- the case of a fixed exchange rate and monetary union
- inflation and trade.
- Monetary union and the policy trilemma.
- "Optimal Currency Areas"

Readings: Lecture 6 Powerpoint presentation

Chapters 5 and 12: The Open Economy, Mankiw and Taylor (2006)

Chapter 16: Currency Unions, Mankiw and Taylor (2006)

Wrap-up – Review of concepts and applications

- Final day.

Disclaimer: As instructor, I reserve the right to change the course outline as deemed necessary.