**Syllabus for Macroeconomics of EU and Asia 2023**

**Goal**

This course is intended to provide students basic macro-economic knowledges about European and Asian economies, focusing on **diverse policy issues** such as economic stability, growth and income redistribution from global and comparative perspective.

**Requirements and Readings**

Basic Text: *Blanchard, Amighini and Giavassi, Macroeconomics: A European Perspective*

Supplementary Texts:

For the issue of economic stabilization, see Woosik Moon (2022) *Monetary Policy and Central Banking in Korea (forthcoming)*

For the issue of economic growth, see Aghion et al. (2021) *The Power of Creative Destruction: Economic Upheaval and the Wealth of Nations.*

For the issue of income distribution, see Piketty (2014), *Capital in the 21st century.*

In addition, some papers from the portal site on European economic policies, voxeu.org, will be discussed during the course.

**Grading**

Weights for the course grade will be as follows:

Mid Exam 40%

Final Exam: 40%

Participation: 20%

**Course Organization**

This course is covering three policy issues of economic stabilization, growth and income distribution.

**1. Introduction**

**Part I: Reviewing Basic Macroeconomic model**

2. Introduction to Basic IS-LM Model

\* Blanchard, ch 3-5

3. Extension to AS-AD Model.

\* Blanchard, ch 7-8

4. Expectation and extension of model

\*Blanchard, ch. 14-17

5. New models on the determination of interest rate and money stock

\*Woosik Moon (2022) Monetary Policy and Central Banking in Korea, chap. 8

**Part II: Understanding Unemployment, Inflation and Financial Crisis and Stability Policy**

6. Unemployment and Phillips Curve

\* Blanchard, ch. 9

IMF, “Chronic Unemployment in the Euro Area”, World Economic Outlook

Bentolia, S. and M. Jansen, Long-term Unemployment after the Great Recession: Causes and Remedies, VoxEU, November, 2016

7. Inflation, Hyper-inflation and Deflation

\*Blanchard, ch. 22

\*Shirakawa (2012) “Demographic Changes and Macroeconomic Performance: Japanese Experiences” Opening Remark at 2012 BOJ Conference hosted by the Bank of Japan May 30.

**8. Mid-term exam.**

(Students are required to read Blanchard et al., and solve the questions indicated during the course)

9. Monetary and Fiscal Policies

\*Blanchard, ch. 23-4

Furman, J (2016), "The new view of fiscal policy and its application", VoxEU, 2 November.

Buti, M. et al (2016), Fiscal Space and Low Interest Rates: A Eurozone Perspective, VoxEU, November

Parker J. (2014) The effectiveness of tax rebates as countercyclical fiscal policy, VoxEU, June

## **Jimeno Juan et al (2014)** Secular stagnation: A view from the Eurozone, VoxEU, August

10. Depression and Financial crisis

\*Blanchard, ch. 20

**Baldwin Richard and Francesco Giavazzi (2015),** [The Eurozone Crisis: A Consensus View of the Causes and a Few Possible Solutions](http://voxeu.org/content/eurozone-crisis-consensus-view-causes-and-few-possible-solutions), VoxEU, September

\*Woosik Moon (2011), Two crises, two remedies and two consequences, Indian Journal of Industrial Economics

**Part III: Understanding Long Run Growth**

11. Development as a long term economic growth

\*Blanchard, ch 11

\* Aghion et al. (2021) Can we bypass industrialization? in The Power of Creative Destruction, chap. 8

12: Growth Models

\*Blanchard, ch 12

Sala-i-Martin, “Regional cohesion: Evidence and theories of regional growth and convergence”, European Economic Review 40, 1996

13. Technical Progress and East Asian model

\*Blanchard, ch. 13

\*IMF, World economic outlook

\*Krugman: Paper tiger

Goodhardt, C. et al. (2014), Demography and economics: Look Past the Past, VoxEU, November

**Part IV: Understanding Income Distribution**

14. Distribution of Income and European social model

\*Alesina, A. et al. (2004), *Fighting Poverty in the US and Europe*, Oxford

\* T Piketty (2014), Capital in the 21st century

\* Alesina, A. et al. (2020) Persistence through revolution, NBER working paper 27053

**15. Final exam**