**Syllabus for Macroeconomics of European Union 2017 (Preliminary)**

**Goal**

This course is intended to provide students a basic macro-economic knowledge about European and world economy and to examine diverse economic policy issues in comparative perspective.

**Requirements and Readings**

Students are required to read through Blanchard and the additional papers which will be distributed during the course.

Basic Text: Blanchard, Oliver and David Johnson, Macroeconomics, 6th edition

Supplementary Texts: Barro, European Macroeconomics

: Burda and Wyplosz, Macroeconomics: A European Text

In addition, papers from the portal site on European economic policies, voxeu.org and European Economy published by DG Economic and financial affairs will be discussed during the course.

**Grading**

Weights for the course grade will be as follows:

Mid Exam 30%

Final Exam: 40%

Participation: 30%

**Course Organization**

**Part I: Basic Macroeconomic model**

1. Introduction to Basic IS-LM Model

\* Blanchard, ch 3-5

2. Extension to AS-AD Model.

\* Blanchard, ch 6-7

**Part II: Practical Issues**

3. Unemployment and Phillips Curve

\* Blanchard, ch. 8

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

4.Depression and Financial crisis

\*Blanchard, ch. 9

**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

5. Inflation, Hyper-inflation and Deflation

\*Blanchard, ch. 23

IMF, “The rise and fall of inflation,” World Economic Outlook

Levy Mickey Levy (2014), Clarifying the debate about deflation concerns, VoxEU, February

6-7, Expectation and extension of model

\*Blanchard, ch. 14-17

**Part III: Stabilization Policy**

8-9. Government and Monetary and Fiscal Policies

\*Blanchard, ch. 22-4

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

European Commission (2016b), "Fiscal sustainability report", European Economy, Institutional Paper 018, January.

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

IMF (2013), “Unconventional monetary policies – recent experience and prospects,” IMF, April.

Eggertsson, G. and L. Summers (2016), Secular Stagnation in the open economies: How it spreads, how it can be cured

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

**Part IV: Growth and Long Run Issues**

10-11. Growth and Development

\*Blanchard, ch 10-11

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

12. Technical Progress and East Asian model

\*Blanchard, ch. 12-13

\*IMF, World economic outlook

\*Krugman: Paper tiger

**Part V: New Challenges**

13. Ageing in Europe and Asia

Giuseppe Carone et al. (2005), “The economic impact of ageing populations in the EU 25 Member states”, European Economy, Economic papers No 236

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

Bean, Charles et al. (2015), Low for Long? Causes and Consequences of Persistently Low Interest Rates, VoxEU, October 23

14. Distribution of Income and European social model

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

Sapir Andre (2005), *Globalization and Reform of European social models*

Donatella Gatti and Andrew Glyn (2006), “Welfare States in Hard Times**”,** Oxf Rev Econ Policy 22

Bick, Alexander et al (2016) Hours worked in Europe and the US: New data, new answers, VoxEU, October.

Atkinson, A B, T Piketty, and E Saez (2011), “Top Incomes in the Long Run of History,”Journal of Economic Literature 49