**Syllabus for Macroeconomics of EU and Asia 2019**

**Goal**

This course is intended to provide students a basic macro-economic knowledge about Asian, 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: Blanchard, Amighini and Giavassi, Macroeconomics: A European Perspective

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 40%

Final Exam: 40%

Participation: 20%

**Course Organization**

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

**Part I: Understanding Economic Stabilization**

**Section 1: Basic Macroeconomic model**

1. Introduction to Basic IS-LM Model

\* Blanchard, ch 3-5

2. Extension to AS-AD Model.

\* Blanchard, ch 6-7

**Section II: Unemployment, Inflation and Financial Crisis**

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

**Section III: Fiscal and Monetary Policies**

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 II: Understanding Long Run Growth**

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 II: Understanding Income Distribution**

13. 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

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.

14. Population Decrease and Ageing in Europe and Asia

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

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