Advanced Macroeconomics 2

Competence description

The aim of the course is to endow the student with:
(1) understanding of the basic theoretical concepts, mathematical methods and models of modern macroeconomics;
(2) ability to use these tools in providing precise answers to questions related to the functioning of the economy as a whole, both in the short run and in the longer run;
(3) knowledge of the major empirical regularities in the behaviour of aggregate economic variables in the short run, medium run and long run.

A perfect score of 12 at the final exam is given if the student is able to demonstrate in a clear and indisputable way to have obtained accurate and thorough competence along these lines.

Being graduate, the course builds upon the macroeconomics courses in the bachelor program and one basic graduate course in macroeconomics and presupposes corresponding qualifications. The course extends models from these courses in different directions and introduces new models. The emphasis is on complete dynamic models, taking forward-looking expectations, uncertainty, and market imperfections in the goods, labour and credit markets into account in a systematic way.

Fiscal and monetary policy questions are analysed in the light of these models. For example, how can "fiscal sustainability" of a given set of government spending and taxation rules be assessed? Can monetary policy be designed so as to help overcoming economic depression and at the same time avoid the dangers of high inflation as well as deflation? How does macroeconomic policy interact with other policies in relation to employment, competitiveness, economic growth and welfare?

Through the course students will learn the modelling tools necessary for understanding economic evolution at the aggregate level, for making macroeconomic forecasts and for policy analysis. Skills along these dimensions are essential for being qualified to work in the economic research and forecast divisions of companies, organisations and government institutions.