



Sungkyunkwan University (SKKU) International Summer Semester (ISS) 2017

“New Experience, New Engagement”

Macroeconomics: policy and business after the financial crisis

Prof. George Chortareas, *King's College London*

SHORT COURSE DESCRIPTION

Before global the financial crisis a consensus had been developed among macroeconomists on the objectives and tools of macroeconomics policy, as well as on the theoretical framework for analyzing macroeconomic phenomena. The 2007-2009 crisis shattered this consensus, calling into question many of its ingredients. Moreover, the crisis gave rise to new challenges for macroeconomic policy. In this course, which constitutes an integral part of this year's theme of “New Experience, New Engagement”, we will cover a number of macroeconomic issues from an applied perspective.

This course will expose students to modern macroeconomic approaches from a non-technical perspective and develop the basic ideas in an applied context. In particular we will see how we can use the toolkit of macroeconomics in order to understand current policy issues and the business environment, as well as for interpreting articles from the media.

Students who don't have a background in macroeconomics will be able to attend the course and develop an appreciation for the importance of macroeconomics as an analytical tool that allows us to interpret policy and business issues. Students with a background in macroeconomics will have the opportunity to consolidate and deepen their understanding by applying their knowledge in discussing topical issues.

READING MATERIALS

The readings for each lecture will be provided in advance and students are advised to read them in advance of class meetings. There will be two reference textbooks in macroeconomics, namely the textbook by Acemoglu, Laibson, and List, (henceforth *ALL*) and the textbook by Mankiw and Ball (henceforth, *MB*). If students decide to buy one textbook this should be *ALL*. Buying a textbook is not necessary as the relevant material will be provided on line.

A number non-technical articles from academic journals (e.g., *Journal of Economic Perspectives*), and timely articles from magazines (e.g., *The Economist*) and newspapers (e.g., *Financial Times*, *Wall street Journal*), will be assigned to the students.

Background Textbooks

- Acemoglu, Daron, David Laibson, and John List, (2015), *Macroeconomics*, Prentice Hall/Pearson, ISBN 9780321383952. (Please note that this is the printed version of the textbook. If a student wants to obtain the version that also includes "MyEconLab with eText", the relevant ISBN is 9780133578003. This would not be necessary, however.) (*)
- Mankiw, N. Gregory, and Laurence Ball, (2011) *Macroeconomics and the Financial System*, ISBN-10: 1-4292-5367-3; ISBN-13: 978-1-4292-5367-3, Worth Publishers.

Other Books (optional)

- Dani Rodrik, (2015), *Economics Rules: Why Economics Works, When It Fails, and How To Tell*

The Difference, Oxford University Press, ISBN-13: 978-0198736899, ISBN-10: 0198736894.

- Akerlof, George A., Olivier Blanchard, David Romer and Joseph E. Stiglitz, (2014), *What Have We Learned? Macroeconomic Policy after the Crisis*, Edited, The MIT Press. Hardcover ISBN, 9780262027342 or eBook, ISBN: 9780262323437. (*)
- Barry Eichengreen, (2015), *Hall of Mirrors: The Great Depression, The Great Recession, and the Uses-and Misuses-of History*, Oxford University Press, ISBN: 9780199392001

COURSE REQUIREMENTS AND GRADING

The assessment and grading will be based on a combination of student's attendance and participation in the lectures (30%) and on case study project on which students will work as small groups under the lecturer's close guidance in order to prepare a presentation (70%) at the end of the course. In particular, students will be organized into small groups and choose a group project topic from a list of topics provided by the lecturer or proposed by the students and approved by the lecturer.

Note that SKKU regulations require students to attend at least 80% of all classes. Students are expected to familiarize themselves with SKKU policies about plagiarism, academic dishonesty, etc.

- Instructor Office: TBA
- Office phone: TBA
- Email: TBA
- Office hours: TBA

COURSE SCHEDULE

– WEEK I –

Tuesday (27 June)

Economic methods and economic questions;

Macroeconomics and measurement.

Case study from the financial press

Readings: ALL, Chapters 2,5,6; MB Chapters 1,2.

Wednesday (28 June)

Analytical frameworks in macroeconomics: the horse work approaches.

Case study from the financial press

Readings: ALL, Chapters 12; MB Chapters 10, 11, 12.1

Thursday (29 June)

Why economists disagree?

Case study from the financial press

Readings: ALL, Chapters 13;

Friday (30 June)

Macroeconomic policy before the crisis.

Case study from the financial press

Readings: ALL, Chapter 13; MB Chapters 12.2, 13; Phelps (2015)

– WEEK II –

Monday (3 July)

The great moderation and the macroeconomics consensus before the crisis.

Case study from the financial press

Readings: ALL, Chapter 13; MB Chapter 13; TBA

Tuesday (4 July)

The global economic and financial crisis: origins and development

Case study from the financial press

Group project preparation.

Readings: MB Chapter 19; TBA

Wednesday (5 July)

The great recession.

Case study from the financial press

Group project preparation.

Readings: Eichengreen (2015); TBA

Thursday (6 July)

The European crisis.

Case study from the financial press

Group project preparation.

Readings: TBA

Friday (7 July)

Macroeconomic policies in the aftermath of the crisis.

Case study from the financial press

Group project preparation.

Readings: TBA

– WEEK III –

Monday (10 July)

The global economy: financial and trade policies.

Case study from the financial press

Group project preparation.

Readings: TBA

Tuesday (11 July)

Monetary and fiscal policy after the crisis.

Group project preparation.

Readings: TBA

Wednesday (12 July)

Banking policies, financial policies and corporate governance.

Case study from the financial press

Group project preparation.

Readings: TBA

Thursday (13 July)

Financial globalization, capital flows and implication for the local economy..

Case study from the financial press

Group project preparation.

Readings: TBA

Friday (14 July)

What have we learned after the crisis?.

Group Project presentations.

Readings: TBA

– WEEK IV–

Monday (17 July)

Group Project presentations.