



CERGE-EI Master of Arts in Applied Economics Course Description

1. Course Name

Macroeconomic Policy Analysis

2. Abbreviation

MPA

3. Code

XXXX

4. Core or elective

Core

5. Number of credits

Three credits (U.S. system)

6. Scheduled class meetings

Four teaching hours per week: two 90-minute class meetings per week.

Possible exercise session: one 90-minute meeting per week.

7. Outline

Macroeconomics is the study of *economic growth* and *business cycles*. It aims to explain observed aggregate time series for economic variables like GDP, consumption, investment, prices and wages, and the rate of unemployment. In this course we will concentrate on the study of business cycles, or economic phenomena in the short run.

In the short run an economy experiences nominal rigidities (sticky prices and wages) and expectational errors (prices that are different from what was expected). Rigidities and expectations make *nominal* aggregate demand, which could fluctuate because of some shock, affect *real* economic activity such as output and unemployment. Therefore, it is necessary to engage in *aggregate demand management* in order to *stabilize* the economy. We will study such *stabilization policies* (mostly *fiscal* and *monetary*) and the most efficient ways of performing them.

The global financial and economic crisis of 2008–2011 is a topic that will concern us throughout the course. We will attempt to look at it from a macroeconomist's point of view and evaluate different economic policies enacted around the world. We will dive into the world of macroeconomic data and the economic blogosphere, which debates current events.

8. Textbook

Introducing advanced macroeconomics : growth and business cycles / Sørensen, Peter Birch; Whitta-Jacobsen, Hans Jörgen. (2nd ed.) (2010)