**Financial University under the Government of the Russian Federation**

**Department of Economic Theory**

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**Macroeconomics**

**SYLLABUS**

**Level of study:** *Bachelor’s degree*

**Study program:** *38.03.01 - "ECONOMICS"*

**MOSCOW 2020**

**Syllabus**

**1. Course title: Macroeconomics**

**2. Mapping of learning outcomes (list of competences), with the relevant indicators described and subject learning outcomes indicated**

Table 1

|  |  |  |  |
| --- | --- | --- | --- |
| Competence code | Competence | Competence development indicators[[1]](#footnote-1) | Learning outcomes (skills[[2]](#footnote-2), and knowledge) and indicators that show competence development |
| **ОНК-1** | The ability to use key economic laws and principles to form both personal and professional outlook. | **To know** the basic principles of macroeconomics.  **Be able** to use modern software to solve numerical problems.  **To acquire** the methods and methodology of performing professional research. | **Knowledge** of the basic principles of macroeconomics.  **The ability to:** use the theoretical methods of economic analysis; analyze various types of economic policies; utilize the ideas from various schools of thought (neoclassical, neokeynesian, institutional) when performing economic analysis; use economic and statistical methods of solving case studies; use new macroeconomic approaches.  **Have** a grasp of economic methodology; skills to perform comparative economic policy analysis; skills to build macroeconomic models. |
| ПКН-1 | Knowledge of the key terms and categories of modern macroeconomics and the ability to apply them to various situations | **To know** the modern methods of economic analysis  **Be able** to use the conceptual and theoretical “toolkit” of economic analysis  **To acquire** the skills of macroeconomic analysis and modeling | **Knowledge** of the key principles of modern economics to conduct research in economic theory, in particular, at a macro level.  **The ability to:** analyze various economic theories; understand the strengths and drawbacks of different scholarly approaches; use the macroeconomic concepts and theories in rigorous analysis.  **Have** the skills of economic analysis and the methodology of conducting research at a professional level. |

**3. Place of the subject in the curriculum**

The course in macroeconomics forms a base part of the program for attaining a bachelor’s degree in specialty 38.03.01 – «Economics».

The study of macroeconomics is based on foundation of knowledge previously gained by students through mastering microeconomics and various other corresponding disciplines studied during the first year of the bachelor’s degree program.

Macroeconomics continues to expand the general theoretical and methodological foundation of economic disciplines included in the bachelor curriculum. The discipline contributes to the understanding of a broad range of economic phenomena, from business cycles to inflation, unemployment and the principles of how the economy functions at a national level. Deeper understanding of macroeconomics will enrich the students not only on a personal level but provide them with important means of understanding causality and economic phenomena on a macro level. Undoubtedly, this will be useful in their future career and professional development.

**4. Workload in credits and academic hours, with class work (lectures and seminars) and self-study indicated**

The data are presented in the form of a table.

Table 2

|  |  |  |  |
| --- | --- | --- | --- |
| **Type of work** | **Total**  **(in credits and hours)** | **Semester (Module)1 (in hours)** | **Semester**  **(Module)2**  **(in hours)** |
| **Overall workload** | ***6 credits; 216 hours*** | ***108*** | ***108*** |
| ***Class work*** | ***90*** | ***54*** | ***36*** |
| *Lectures* | ***36*** | ***18*** | ***18*** |
| *Seminars, practical tasks* | ***54*** | ***36*** | ***18*** |
| ***Self-study*** | ***126*** | ***54*** | ***72*** |
| Formative assessment |  | ***Essay*** | ***Course paper*** |
| Summative assessment |  | ***Exam*** | ***Final Exam*** |

**5. Subject content (with the thematic components indicated).**

**Section 1. An introduction to the macroeconomic analysis.** The subject of macroeconomics. Key macroeconomic concepts. Open and closed economies. Macroeconomic aggregates. The circular-flow model. Nominal and real values.

**Section 2. The national economy: its structure and key indicators.** The system of national accounts. GDP. Three methods of calculating GDP. Nominal GDP vs real GDP. Price indexes: the GDP deflator and the CPI. Other macroeconomic indexes and indicators.

**Section 3. The macroeconomic equilibrium. The AD-AS model.** The model of aggregate demand and aggregate supply. Key components of the AD curve. Shifts of the AD curve. The AS curve: the long run and the short run. Shifts of the AS curve. Potential GDP and actual GDP. The output gap. Inflationary gap. Recessionary gap. Heuristic application of the AD-AS model.

**Section 4. The Keynesian macroeconomic equilibrium model.** The consumption function. The marginal propensity to consume. The savings function. The marginal propensity to save. Aggregate and planned expenditures. Keynesian cross model. Keynesian multiplier. The savings-investment identity. The paradox of thrift.

**Section 5. The money market equilibrium.** Money: its meaning and functions. Commodity money and fiat money. Modern types of money. The demand for money. Speculative demand and transaction demand. The Fisher equation. Interest rates. Nominal and real interest rates. The supply of money and the role of the Central Bank. Equilibrium on the money market. The creation of money through the Central Bank. Money multiplier.

**Section 6. Cyclical development of the economy.** Phases of the business cycles. Main types of cyclical indicators: lagging and leading. A multitude of business cycle models: from classical to modern economics. Stagflation. Slumpflation. Socio-economic consequences of crises. Smoothing out of business cycles. Countercyclical policy.

**Section 7. The labor market and unemployment.** The definition of a labor market and labor force. Key functions of labor markets. Unemployment: forced versus voluntary. Frictional, structural and cyclical unemployment. The natural rate of unemployment and full employment. Socio-economic consequences of unemployment. Okun’s law. Government policy and unemployment. Labor unions and their role in the economy. The efficiency wage theory.

**Section 8. Theory of inflation. The relation between inflation and unemployment.** Inflation as a source of economic discrepancy and maladjustment. Causes of inflation. Inflation types: moderate, creeping, galloping and hyperinflation. Disinflation and deflation. Inflation tax and the reduction in real standards of living. Social costs of inflation: shoe leather costs, menu costs and reduction in economic efficiency. Phillips curve. Adaptive expectations hypothesis. Rational expectations hypothesis. Inflationary spiral. Anti-inflationary policy.

**Section 9. Macroeconomic policy in a market economy. Fiscal policy.** The rationale behind government intervention in the economy. Key economic functions of the state. Government’s financial system and its formation. Fiscal policy and its objectives. Discretionary and non-discretionary fiscal policy. Instruments of fiscal policy. Short run and long run goals of fiscal policy. Budget deficit and surplus. Key sources of government revenue. Direct and indirect taxes. Laffer curve.

**Section 10. Monetary policy.** Key goals and instruments of monetary policy. Interest rate targeting. Required reserve ratio. Open market operations. Money multiplier and its features. Credit expansion. Expansionary monetary policy and tight monetary policy. Quantitative easing. Differences between Keynesian and monetarist approaches to monetary policy. Friedman’s rule.

**Section 11. Economic growth and dynamic equilibrium.** Economic growth and development. Intensive and extensive types of growth. Cobb-Douglass production function. Harrod-Domar model. The accelerator effect. The multiplier effect. Solow growth model and its application. New models of economic growth. Paul Romer’s model of economic growth. Sustainable economic growth. Inequality and poverty. Innovation and development economics.

**Section 12. The simultaneous equilibrium on commodity and money markets. The IS-LM model.** The IS curve as a result of an interdependence between interest rates and income. The LM curve: liquidity preference theory and loanable funds market. Analyzing fiscal and monetary policy through the IS-LM model. Crowding-out effect. Investment and liquidity traps.

**Section 13. Macroeconomic equilibrium in an open economy.** International markets. International flows of goods, services, capital and labor. Theories of international trade. Free trade and protectionism. Government trade policy. Trade agreements. Tariffs, quotas, and non-tariff barriers to trade. The Mundell-Fleming model. Balance of payments and its regulation. Foreign exchange markets. Globalization of the world economy: stages, factors and directions.

**6. List of teaching and methodological materials needed for the students’ self-study**

|  |  |  |
| --- | --- | --- |
| **Itemized subject content** | **Questions the students should answer within the self-study process** | **Types of out-of-class activities** |
| 1. An introduction to the macroeconomic analysis. | Contemporary problems of macroeconomics as a science. | Home assignments, problem solving and case studies. |
| 2. The national economy: its structure and key indicators. | Macroeconomic features of different countries. | Home assignments, problem solving and case studies. |
| 3. The macroeconomic equilibrium. The AD-AS model. | Disequilibrium of AD and AS in Russia. Main causes. | Graphing, problem solving and case studies. |
| 4. The Keynesian macroeconomic equilibrium model. | The problems of transforming savings into investment in Russia. | Problem solving and case studies. |
| 5. The money market equilibrium. | Stock markets in Russia. | Home assignments, problem solving and case studies. |
| 6. Cyclical development of the economy. | Global economic crises and their consequences. | Case studies. |
| 7. The labor market and unemployment. | Contemporary characteristics of the Russian labor market. | Home assignments, problem solving and case studies. |
| 8. Theory of inflation. The relation between inflation and unemployment. | Features of inflationary processes in Russia, the European Union and USA. | Problem solving and case studies. |
| 9. Macroeconomic policy in a market economy. Fiscal policy. | Features of tax policy in Russia. | Home assignments, problem solving and case studies. |
| 10. Monetary policy. | Dynamics of monetary policy in Russia. | Student reports,problem solving and case studies. |
| 11. Economic growth and dynamic equilibrium. | Transitioning to an innovation economy in Russia: conceptual models and issues. | Home assignments, problem solving and case studies. |
| 12. The simultaneous equilibrium on commodity and money markets. The IS-LM model. | Investment and liquidity traps during the 1998 economic crisis in Russia. | Graphing and problem solving. |
| 13. Macroeconomic equilibrium in an open economy. | Globalization and its influence on the national economic strategy of Russia. | Home assignments, problem solving and case studies. |

**6.1. List of questions for student self-study and types of out-of-class activities**

Table 3

**6.2. List of questions/assignments/topics for students’ preparation to formative assessment**

Tentative questions for quizzes and exams

1. List some possible types of negative and positive shocks to aggregate demand. Provide a graphical illustration.
2. The quantity of capital in country A is 10 000 units, and GDP is described as Y = 10√K. Determine the volume of investment if the country invests 25% of its GDP. If the depreciation rate in the country is 2%, what will happen with its GDP in the long run? Use the Solow growth model to describe your results.
3. Using the Keynesian cross model, explain the concept of “effective demand”.
4. Using the IS-LM model, show graphically what happens if the government cuts its spending, but the Central Bank decides to keep the interest rate unchanged.
5. The actual rate of unemployment in country Omega is equal to 11 per cent, and the natural rate of unemployment equals to 9 per cent. Okun coefficient is 3 and potential GDP is equal to 4000 bits. What gap is present in this economy? What policy must the government use to stabilize the economy, if its estimate of MPC equals to 0.9?

**7. Mandatory and optional reading list**

**Mandatory reading:**

1. Mankiw, G. Principles of Macroeconomics. 8th edition. / G. Mankiw – USA, Boston: Cengage Learning, 2017. – 576 p.

2. Макроэкономика. Теория и российская практика: учебник / А.Г. Грязнова, М.А.Эскиндаров, А.Ю.Юданов [и др.]; ФГОБУ ВПО "Финансовый университет при Правительстве РФ" ; под ред. А.Г. Грязновой, Н.Н. Думной - М.: Кнорус, 2004, 2005, 2006, 2007, 2008, 2011, 2014, 2016. - 680 с.

3. Макроэкономика: Практикум / ; колл. авт. под ред. Р.М. Нуреева - М.: Норма, 2015 - 400 с. – То же [Электронный ресурс]. – Режим доступа: <http://znanium.com/catalog.php?bookinfo=517569>

Optional reading:

4. Макроэкономика. Сборник задач и упражнений: Практическое пособие / А.В. Аносова [и др.]; НИУ ВШЭ ; под ред. С.Ф. Серегиной - М.: Юрайт, 2014 - 154 с.

5. Макроэкономика: учебник / М.Л. Альпидовская [и др.]; отв. ред. М. Л. Альпидовская, Н. В. Цхададзе. – Ростов н/Д: Феникс,2017.

6. Макконнелл К.Р. Экономикс: Принципы, проблемы и политика: учеб.; пер. с англ. / К.Р. Макконнелл, С.Л. Брю, Ш.М. Флинн - М.: ИНФРА-М, 2011 - XXX, 1010 с.

7. Олейник А.Н. Институциональная экономика: Учебное пособие / А.Н. Олейник - М.: Инфра-М, 2011, 2012, 2013. - 416 с.

8. Krugman P. and R. Wells. Principles of Macroeconomics. 5th edition. / P. Krugman, R. Wells. – USA, New York: 2018. – 656 p.

**8. List of IT resources, incl. the list of software, information and reference systems (as appropriate).**

**8. 1. Software:**

1. Windows, Microsoft Office software.

2. Kaspersky antivirus software.

**8.2. Databases and information and reference systems**

World Bank: Data and Statistics

**http://www.worldbank.org/data/**

World Development Reports (World Bank)

**http://econ.worldbank.org/wdr/**

United Nations Conference on Trade and Development

**http://www.unctad.org/**

Human Development Report

http://hdr.undp.org/default.cfm

**OECD: Statistic**

http://www.oecd.org/statsportal

**International Monetary Fund: countries data**

http://www.imf.org/external/index.htm

**Официальный сайт Центрального банка России (аналитические материалы)**

http://www.cbr.ru

**РосБизнесКонсалтинг**

http://www.rbc.ru

**Официальный сайт Правительства Российской Федерации**

http://www.government.ru

**Официальный сайт министерства экономического развития Российской Федерации**

http://www.economy.gov.ru

**Официальный сайт Министерства финансов Российской Федерации**

http://www.minfin.ru

**Официальный сайт Федеральной службы государственной статистики Российской Федерации**

http://www.gks.ru

1. To be filled in when the updated Financial University educational standards and federal state educational standards of higher education “3++” are implemented. [↑](#footnote-ref-1)
2. Skills are described when the Financial University educational standards of the 1st generation and federal state educational standards of higher education “3+” are implemented. [↑](#footnote-ref-2)