

Introduction to Macroeconomics | ECP77013

Year	1
ECTS Credits	5
Contact Hours	10 hours of lectures and 5 hours of tutorials
Pre-Requisite	Nil
Semester	1
Module Leader and Lecturer	Professor Vitaliia Yaremko
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Module Outline:

Which is the behaviour of consumption and investment? Why are fiscal policies so important? How can we assess the stability of social security systems? This course will examine the determinants of consumption and investment. It then turns to the investigation of the most important issues related to budget deficits and fiscal policies, including the consequences of underfunded social security systems.

Topics covered include:

Lectures:

1. Consumption: Utility functions. Permanent income hypothesis. Precautionary savings.
2. Investment: Investment and Production. Investment with and without adjustment costs (Q Theory).
3. Budget Deficit and Fiscal Policy
4. Overlapping Generations Models: Applications to growth theory and social security systems.

Tutorials:

1. Problem Set 1: Consumption
2. Problem Set 2: Investment
3. Problem Set 3: Fiscal Policy and OLG

Module Learning Outcomes:

On completion of the module, students will be able to:

1. exposit and critically appraise modern theoretical models of the determination of the major macroeconomic variables in light of empirical evidence.
2. use appropriately the main techniques and methodologies employed in macroeconomic theory.

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Assessment:

Assessment for the module is based on a final exam accounting for 70% of the grade. In addition, students will hand in weekly problem sets making up the remaining 30%.

Recommended Reading List:

Readings will be drawn from a selection of academic papers. Overviews of some of the core material covered in the module are provided by:

- Obstfeld, M. and Rogoff, K. (1996). *Foundations of international macroeconomics*. MIT Press.
- Romer, D. (2012). *Advanced macroeconomics*. McGraw-Hill.
- Sorensen, P.B. and Whitta-Jacobsen, H.J. (2010). *Introducing Advanced Macroeconomics: Growth and business cycles*. McGraw-Hill.
- Jones, C. (2016). *Macroeconomics*. W.W. Norton & Company.

