

# **BMAK: Macroeconomics 1**

## **Summer Semester 2021**

*All office hours are for the lecture period of the semester only  
(click on the time to book)*

**Professor Michael Haliassos, PhD**

*[Chair for Macroeconomics and Finance](#)*

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### **Classes:**

**Dr. Alberto Cardaci**

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*Office Hours: Friday [8:30-10:30](#)*

### **Tutorials (Mentorien):**

**Ms. Despoina Balouktsi**

*Email: [Despoina.Balouktsi@hof.uni-frankfurt.de](mailto:Despoina.Balouktsi@hof.uni-frankfurt.de)*

*Office Hours: Monday [8:30 to 10:30](#)*

**Mr. Davide Difino**

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*Office Hours: Friday [9:00-11:00](#)*

**Ms. Tajda Spital**

*Email: [tajda.spital@hof.uni-frankfurt.de](mailto:tajda.spital@hof.uni-frankfurt.de)*

*Office Hours: Tuesday [8:30-10:30](#)*

**Mr. Julian Wingenbach**

*Email: [Wingenbach@hof.uni-frankfurt.de](mailto:Wingenbach@hof.uni-frankfurt.de)*

*Office Hours: Wednesday [8:00-10:00](#)*

## **Course Description**

The primary purpose of this course is to give participants a sound grounding in macroeconomic theory, build an understanding of how the aggregate economy works, how cyclical fluctuations are generated, what contributes to sustainable growth over the longer run, and what constitutes the major policy problems that fiscal and monetary authorities face today.

Europe has undergone two major crises over the past ten years: first, the financial crisis originating in over-borrowing through mortgages in the United States; and second, the fiscal crisis, originating in massive government debt in some Eurozone countries. Both have challenged macroeconomic analysis and the design of policies for macroeconomic adjustment. It is now in the process of a global pandemic, which challenges policy makers on different fronts (fiscal, monetary, labor, technological), partly in view of the limited space the previous crises have left it.

This course uses the Global 8<sup>th</sup> Edition of the famous Blanchard textbook (Blanchard, *Macroeconomics*, Pearson, 2020), written after the financial crisis and (most of) the fiscal crisis in 2017 and updated with new data but also some important model changes in 2020. It introduces recent real-world examples and improved analytical tools that help us understand the new and very serious challenges of recent times.

The course is taught in English, the international language of Economics and Business. It aims at preparing students for more advanced studies in Macroeconomics, but also for numerous careers that can benefit from knowledge of how the global economy works. Its use of English prepares students to interact more effectively with their European and other international colleagues, to debate current macroeconomic issues with them, to convey their views and to learn from the experiences of international colleagues. It also encourages students to read the top international financial press, and to relate their readings to the theories and models presented in class.

## **Course Outline**

### ***Core Chapters***

#### **Introduction**

1. A Tour of Macroeconomics
2. A Tour of the Book

#### **The Short Run**

3. The Goods Market
4. Financial Markets I
5. Goods and Financial Markets; The *IS-LM* Model
6. Financial Markets II

## **The Medium Run**

7. The Labor Market
8. The Phillips Curve, the Natural Rate of Unemployment, and Inflation
9. From the Short to the Medium Run: The IS-LM-PC Model

## **The Long Run**

10. The Facts of Growth
11. Saving, Capital Accumulation, and Output
12. Technological Progress and Growth
13. The Challenges of Growth

## ***Special Topics***

### **Expectations**

14. Financial Markets and Expectations
15. Expectations, Consumption, and Investment

### **The Open Economy**

17. Openness in Goods and Financial Markets
18. The Goods Market in an Open Economy
19. Output, the Interest Rate, and the Exchange Rate
20. Exchange Rate Regimes

### **Back to Policy**

22. Fiscal Policy: A Summing Up
23. Monetary Policy: A Summing Up

## Course Organization

*All course announcements and materials will be posted on OLAT. You need to register for one tutorial group to access teaching materials. You can move to another tutorial group if there is available space there, but we encourage you to stick with one group throughout.*

**Lectures** will normally be given on *Mondays from 12:15-13:45 and on Wednesdays from 10:15 to 11:45 online via Zoom*. All Zoom links will be available on OLAT after you register for a tutorial group.

**Classes** will normally be given on *Thursdays from 16:15-17:45 online via Zoom*. When a lecture cannot be given because of some conflict, the first choice will be to switch between the lecture and class time.

The teaching website of the [Chair of Macroeconomics and Finance](#) will provide an online calendar that you can check for last-minute changes, as well as News.

**Tutorials (Mentorien)** will be given every second week, in either English or German and either in presence or online, as specified below:

Day	Time	Instructor	Language, location	Notes
<b>Tuesdays</b>	8:15 AM – 9:45 AM	Mr. Julian Wingenbach	DE Online	
	12:15 PM – 1:45 PM	Mr. Davide Difino	EN in Presence	1st session online!
	2:15 PM – 3:45 PM	Mr. Julian Wingenbach	DE Online	
	4:15 PM – 5:45 PM	Mr. Davide Difino	EN in Presence	1st session online!
	4:15 PM – 5:45 PM	Ms. Despoina Balouktsi	EN Online	
	6:15 PM – 7:45 PM	Ms. Despoina Balouktsi	EN Online	
<b>Fridays</b>	10:15 AM – 11:45 AM	Ms. Tajda Spital	EN Online	
	12:15 PM – 1:45 PM	Ms. Tajda Spital	EN Online	

*You are strongly encouraged to register for one tutorial session through OLAT and to attend it regularly.* There is an attendance limit for each group to encourage lively exchange and participation. For this same reason, **tutorials will NOT be recorded**, but solutions to the problem sets will be posted. For the tutorials in presence, registration and strict hygiene codes will be required by the University and the School in accordance to the Covid19 rules.

If you do decide to change tutorial session, please remove yourself from the previous one in order to be able to register for the new one, respecting the limit set for each tutorial group. Zoom links will be made available only to the members of the relevant group and should not be shared across groups.

## Literature

**Blanchard, Olivier, *Macroeconomics, Global Edition, 8<sup>th</sup> Edition, Pearson (2020).***

You are *strongly* encouraged to buy the book (either in hardcopy or in the e-edition). Further references will be provided throughout the course.

*Owners of the 7<sup>th</sup> edition of 2017, including its German version by Blanchard and Illing, should note that, in addition to providing more recent data and examples, Chapter 8, and especially 9 have been changed, and chapter 13 is new in the 8<sup>th</sup> edition. The changes in 8 and 9 will create important problems, especially for discussing the Phillips curve and for using the IS-LM-PC model and its applications.*

## Course Requirements

Course participants will need to register for the final examination following the procedure set forth by the Examination Office of the Faculty of Economics and Business Administration. **Any inquiries concerning registration for the final examination are to be sent to the Examination Office directly.**

## Course Grade

*Grades for this course will be based on the final examination only.* The final examination is planned to be a 90-minute examination. We will respect the covid-guidelines and policies of the University and of the School, as instructed by the School.

The date and time of the final examination will be set by the Examination Office. There can be no exceptions to the policy that the final examination must be taken on the date, at the time and in the location or mode specified for all by the Examination Office.

*Answers to exam questions can be given in either English or German.*

## Course Learning Goals and Competences

Successful completion of this course will provide students with the ability to understand (LGB-1, LGB-2), discuss, and debate the current economic outlook and likely future developments (LGB-3, LGB-6, LGB-7) regarding inflation, unemployment, growth, budget deficits and government debt, trade deficits and the balance of payments, as well as topical issues such as the limitations of monetary and fiscal policies under zero interest rates, the challenges posed by the pandemic and

limited fiscal space, or the tradeoffs between fiscal austerity and government debt sustainability.