

# EC302 Topics in Advanced Macroeconomics

Seminar Leader: Thomas Eife

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Course times: Tuesdays and Wednesday, 17.30-19.00

Office Hours: by appointment

## Course Description

In this course, we apply our knowledge of macroeconomics to major historical and contemporary developments and trends in the functioning of national and international economies. The course is structured around three main themes: Financial markets and expectations; open economy macroeconomics; and economic policy.

Financial Markets and Expectations examines the mechanics of financial markets and the role of expectations in influencing household savings and firm investment decisions. We then turn to pathologies such as house price bubbles and other financial “manias” including the tulip mania in 17th century Holland.

Open Economy Macroeconomics extends our standard macroeconomic model to the open economy. Financial flows across borders impose restrictions on monetary policy, and the flow of goods and services across countries complicates the implementation of fiscal policy by governments. The study of crises and other pathologies is instructive. We study, for example, how the 1992 crisis of the European Monetary System (EMS) reinforced the commitment of the EU member states to complete the transition to a single currency.

Economic Policy consolidates our understanding of monetary and fiscal policy. We discuss questions such as: Are there limits to countries’ debts and deficits? How significant is seigniorage for government budgets, both historically and in contemporary contexts? What is “money financing”? How do countries finance wars? What are the causes and consequences of periods of hyperinflation, exemplified by Germany in the 1920s? What are the costs and benefits of inflation and is there an optimal inflation rate?

Throughout the course, we apply both classical and contemporary macroeconomic theories to understand and explain these questions and phenomena.

## Requirements

**Prerequisites:** Macroeconomics, Microeconomics

Active participation is a central requirement of this course. Students are expected to engage thoughtfully in class discussions, ask questions, and contribute to group activities. Regular attendance is essential to ensure a solid understanding of the material.

To reinforce learning, weekly problem sets will be assigned. These problem sets are designed to help students practice the concepts covered in class and build their skills incrementally. In addition to the weekly assignments, students will complete a number of larger take-home quizzes throughout the semester

Timely submission of all assignments and quizzes is expected.

### **Textbook**

We will closely follow the following textbook:

- Olivier Blanchard (2021) "Macroeconomics". Pearson, 8<sup>th</sup> edition.

### **Computer and software requirements**

The students will be required to bring their laptops to some of the classes. During the course we will use the statistical software Stata. You are required to have your own copy of Stata. The faculty will try to organize complimentary copies of Stata.

### **Academic Integrity**

Bard College Berlin maintains the highest standards of academic integrity and expects students to adhere to these standards at all times. Instances in which students fail to meet the expected standards of academic integrity will be dealt with under the Code of Student Conduct, Section 14.3 (Academic Misconduct) in the Student Handbook.

### **Accommodations**

Bard College Berlin is committed to inclusion and providing equal access to all students; we uphold and maintain all aspects of Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, and the ADA Amendments Act of 2008, and Section 3 of the German Disability Equality Act of April 27, 2002 (Federal Law Gazette I p. 1468). If you have a disability, or think you may have a disability, please contact the Disability Accommodation Coordinator, Atticus Kleen, ([accommodations@berlin.bard.edu](mailto:accommodations@berlin.bard.edu)) to request an official accommodation.

### **Attendance**

Attendance at all classes is a crucial part of the education offered by Bard College Berlin. To account for minor circumstances, two absences from twice-per-week courses or the equivalent (e.g. one absence from a once-per-week course) should not affect the participation grade or require documentation.

Bard College Berlin may not offer credit for any course in which a student has missed more than 30% of classes, regardless of the reasons for the absences. The full Bard College Berlin attendance policy can be found in the Student Handbook, Section 2.8.

### **Assessment**

Assessment will be based on attendance, preparation for classes, regular and active participation, professionalism (see below), quizzes, exercises as well as a midterm and final examination.

### **Grade Breakdown**

- 25 percent midterm
- 25 percent final
- 30 percent participation and problem sets
- 20 percent take-home quizzes and presentations

## Schedule

The Spring semester runs from Monday, January 27 and runs until Friday, May 16, with the fall break planned from Monday, April 14, - Sunday, April 20, 2025.

- Normal course sessions end on Friday, May 9.
- Completion week is from Monday, May 12 through Friday, May 16.
  - Make-up classes and final exams can take place in completion week.
  - Students are required to be on campus during completion week.

Week 1-2

- Overview, the big picture
- Review of Macroeconomics
- Expectations

Week 3: Expectations

- Financial Markets

Week 3: Expectations

- Consumption and Investment

Week 4: Expectations

- Output and Policy

Week 5: Expectations (Summary)

Week 6: The Open Economy

- Openness in Goods and Financial Markets

Week 7: The Open Economy

- The Goods Market in an Open Economy

Week 8: The Open Economy

- Output, the Interest Rate, and the Exchange Rate

Week 9: The Open Economy

- Exchange Rate Regimes

Week 10: The Open Economy (Summary)

Week 11: Policy

- Should Policymakers Be Restrained? Fiscal Policy: A Summing Up

Week 12: Policy

- Monetary Policy: A Summing Up Epilogue: The Story of Macroeconomics

Week 13: Policy (Summary)

Week 14: Review

Classes missed due to federal holidays will not be rescheduled.

(this version: November 29, 2024)