

Diploma: Macroeconomics
Monetary Macroeconomics
Dr. Mark Hayes (mgh37)
Michaelmas Term 2013 (weeks 5-8)
8 Lectures

Topic description

This course of lectures presents demand-driven theories of business cycles. We compare the intertemporal and monetary approaches to macroeconomics and derive a model of aggregate demand and supply in an open economy. The model is used to interpret the data and explore the roles of fiscal and monetary policy under different exchange rate regimes. The final lecture considers the recent experience and theories of financial crisis.

Lectures: Thursday 11, Friday 12, from 14 November 2013

Location: Lecture Building Room 8 (Thursday) Room 7 (Friday)

Teaching assistant: Purva Khera

Course text book: Mankiw and Taylor (2008), *Macroeconomics, European Edition*, plus Mankiw (2013), *Macroeconomics* 8/e for Lectures 7 & 8

Lecture outline (references to Mankiw chapters in brackets)

1. Introduction to the monetary approach to business cycles (ch. 9)
2. Aggregate demand: consumption and the Keynesian Cross (ch. 2, 3 and 10)
3. Aggregate demand: investment and the IS –LM model (ch. 10)
4. Aggregate demand: the IS-LM model and UK fiscal and monetary policy (ch. 11)
5. Aggregate demand: foreign trade and IS*-LM* model (ch. 12)
6. Aggregate supply (ch. 13)
7. Policy effectiveness and inflation targeting (ch. 15, Mankiw 8/e, 2013)
8. Origins of the global financial and Euro crises (ch. 20, Mankiw 8/e, 2013)

revision: 23-Jan-14