

Models and Methods of International Macroeconomics

Course Brief Description

Number of credits: 4 ECTS

Course period: 1 semester / 2 classes per week

Language of Instruction: English

Instructor: Oleg Mariev, PhD, Andrey Pushkarev PhD-student

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Course description:

Upon successful completion of the course, the student should be able to demonstrate a basic understanding of news relating to the economy as a whole as reported in such publications as The Wall Street Journal; the economic implications of changes in government fiscal or monetary policy; how interest rates are determined and the role of interest rates in personal and corporate decision-making; and critically apply economic concepts when participating as a citizen in a democratic society. In particular, the students should be able to calculate equilibrium national income levels, calculate and use various multipliers, convert nominal values to real values, and use a graph to explain the impact of changes in fiscal and/or monetary policy on income and price levels. In addition, students should be able to use simple models of international trade to study the flow of goods between countries and discuss the costs of protectionism within the context of such models.

Lectures and reading materials. Participating in the lectures and reading the assigned papers is the most essential part of the course. All enrolled students are therefore expected to participate in all lectures and read all assigned papers.

Seminars. The students are assumed to be familiar with the most common study methods in higher education. The fundamental pedagogical view is based on entrepreneurial learning and requires an active student participation. Teaching will be in the form of lectures, seminars, work shops, case studies, a team project and an individual assignment. Guest lecturers from industry will provide their views of strategic market

Assignments. : Small assignments will be handed out or assigned periodically. These assignments are great practice for the exams and reward students who come to class regularly. Students' ability to demonstrate the following Exemplary Educational Objectives will be evaluated in this course:

1. Employ the appropriate methods, technologies, and data that social and behavioral scientists use to investigate the human condition.
2. Use and critique alternative explanatory systems or theories
3. Analyze the effects of historical, social, political, economic, cultural, and global forces on the area under study
4. Differentiate and analyze historical evidence (documentary and statistical) and differing points of view

5. Analyze, critically assess, and develop creative solutions to public policy problems

Attendance: Students are not graded on attendance, however consistent attendance

Points for participation in discussions are awarded if the students use additional information from supplementary readings and make explicit reference to the author and to the book/article they have used.

Mid-term exam consists of a multiple choice test of 20 questions that deal with terms, ideas, and facts covered during the previous weeks and a short (not exceeding 250 words) written answer to one of two questions based on material covered within the previous weeks.

Final Test consists of an multiple choice 20 based on the material covered within the course and successful implementation of all curriculum tasks.

Grading:

ECTS Grade	Points	Russian grade
A	100-91 points	“excellent”: 100–80 points
B	90-81	
C	80-71	“good”: 79– 60 points
D	70-61	
F: failed	less than 60 points: failed	“satisfactory”: 59–40 points
		“unsatisfactorily”: failed, less than 40 points

Course outline

1. Introduction
2. Course Overview
3. Empirical Characteristics of the International Economy
 - a. Basic Macroeconomic Modelling Concepts
 - b. The Basic Aggregate Demand (AD) Model: IS-LM
 - c. Aggregate Supply (AS) and Price Adjustment
 - d. Critique of AD/AS Macroeconomic Modeling: Summary Overview
4. Economic Growth: A Microfoundations Approach
 - a. Growth, Wealth, and Inequality Overview
 - b. Dynamic Modeling Concepts
 - c. Descriptive Growth Models
 - d. Optimal Growth Models
 - e. Overlapping Generations Models
5. Treatment of Expectations in Macroeconomic Models
6. Dynamic Stochastic General Equilibrium (DSGE) Models and Taylor Rules
7. Macroeconomic Modeling of Endogenous Coordination
8. Coordination Issues for Macroeconomies

Readings:

1. Al-Zyoud H. An Empirical Test of Purchasing Power Parity Theory for Canadian Dollar-US Dollar Exchange Rates. *International Journal of Economics and Finance*; Vol. 7, No. 3; 2015.
 2. Chen M. Panel Unit Root and Cointegration Tests. Working paper, Feb. 25, 2013.
 3. Lada K., Wójcik P. VAR model—the impact of a macroeconomic policy on inflation and economic activity. Working paper, 2007.
 4. West K. Specification test for speculative bubbles. *Quarterly Journal of Economics*. NBER Working Paper No. 2067. 1986
 5. Keele L. Not Just for Cointegration: Error Correction Models with Stationary Data. 2004.
 6. Ai C., Norton E. Interaction terms in logit and probit models. *Economics Letters* 80, 2003. P. 123–129.
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