Part IIB Paper 2 Macroeconomic Principles and Problems

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Aims and Objectives
This paper aims to present and analyse contemporary problems and policy issues in the macroeconomy. It will build on the foundations laid in Part 1 and it will also develop more fully the theoretical and analytical approaches presented in the Part IIA macroeconomics course.

Lecture Courses
This paper consists of four lecture courses. Course outlines will be posted on the faculty website as well as other reading material, and suggested supervision questions, also available at the lecturers’ webpages.

Economic Growth (Dr T. Cavalcanti), 8 lectures, weeks 1-4, Michaelmas Term)
Definitions and stylised facts of economic growth, neo-classical growth theory, empirical evidence and examination of the convergence debate, human capital, R&D and endogenous growth models, institutions and fundamental determinants of economic growth.

Macroeconomic Policy (Dr P. Geraats, 8 hours, weeks 5-8, Michaelmas Term)
This course analyzes monetary and fiscal policy, building on the material covered in Part IIA Paper 2. It covers the efficient policy frontier (Taylor curve), macroeconomic policy under uncertainty (signal extraction, Brainard principle), effective lower bound (ELB) and unconventional monetary policy (large-scale asset purchases, forward guidance); tax smoothing, government debt dynamics, fiscal deficit bias, political business cycles and fiscal policy rules.

Business Cycle Theory (Prof. V Carvalho), 8 lectures, weeks 1-4, Lent Term)

The International Financial System (Prof. G. Corsetti, 12 hours, weeks 1-8, Lent Term)

Prerequisites
Students should be familiar with intermediate macroeconomic models and concepts taught in both Part I, Paper 2 and in Part IIA, Paper 2 or as presented in Robert J. Barro (1997) Macroeconomics MIT Press and Paul Krugman and Maurice Obstfeld (2000) International Economics: Theory and Policy, Addison-Wesley (parts II and IV). Students are expected to have some knowledge of mathematics and probabilities, in particular taking limits, differentiation, simple optimization techniques, properties of normal random variables, etc., at the level of Part I Paper 3. In addition, econometrics at the level of Part IIA, Paper 3 will be useful in some parts of the paper.
Main readings
There is no single textbook for this course. At the beginning of each course, the lecturer will also distribute detailed reading lists that will include academic articles as well as chapters from books.

Supervisions
Suggested supervision questions will be posted on the Faculty Moodle Teaching pages.

Examination
For details of the examination structure, please refer to the Form and Conduct Notice pages on Moodle.