

INTRODUCTION TO MACROECONOMICS HILARY TERM 2021

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LECTURES				
Week	Lecture	Title	Lecturer	Notes
1	0	Course Introduction	MM	
1	1	Key Macroeconomic Concepts	MM	
1	2	The Long Run	MM	
2	3	The Solow Model	MM	
2	4	Persistent Growth	MM	
2	5	The Romer Model	MM	
3	6	The Labour Market	MM	
3	7	Inflation	MM	
4	8	Consumption	MM	
4	9	Investment	MM	
5	10	The Short Run	AF	
5	11	The IS Curve	AF	
5	12	MP Curve and Phillips' Curve	AF	
6	13	Applications of SR Model	AF	
6	14	AS/AD Framework	AF	
6	15	Shocks & Stabilisation in AS/AD	AF	
7	16	AS/AD Applications	AF	
7	17	Exchange Rates & Open Economy	AF	
7	18	Open Economy Applications	AF	

All lectures take place online

Week	TUTORIALS
3	<i>Tutorial 1</i> GDP Accounting and productivity
4	<i>Tutorial 2</i> Growth
5	<i>Tutorial 3</i> Recessions and the short-run
6	<i>Tutorial 4</i> AS/AD Model and Monetary Policy
7	<i>Tutorial 5</i> Unemployment, Inflation, Consumption, Investment
8	<i>Tutorial 6</i> Open Economy

This course of eighteen lectures runs in weeks 1 to 7 of Hilary term and is intended for first-year undergraduates reading PPE, E&M and HE. Due to the current government restrictions and University policy, lectures will be online. Most weeks there are though some weeks have only 2 lectures so check the schedule carefully.

The table above contains the exact lecture titles. Broadly speaking, the course has three main sections:

1. It starts with issues related to the long-run issues of growth
2. It then shifts to focus on short run dynamics and stabilization policies in closed economy.
3. The last week we will talk about open economy issues.

Interspersed with these broad issues, we will take a deeper look at theories of specific issues such as the labour market, inflation, consumption and investment.

There are 6 tutorial problem sheets that go along with the lectures. These are listed in the table above. However, your college tutor may use different materials or augment this material with their own problem sheets and essays.

Reading list:

The main textbook the material relates to is the textbook by Charles I. Jones, *Macroeconomics – 4th edition*, Norton Publishers.¹ The indicated chapters should ideally be read in advance of the lectures.

There is a new edition of the International Edition, and earlier editions are also quite similar. During the disruption, we are working with libraries to try and get some editions available electronically. We will post information as it becomes available.

Of course the book will be available to buy from various booksellers if you wish to have your own copy. Alternatively, the cost of an e-book of the latest edition is about £37:

<https://www.wwnorton.co.uk/books/9780393417333-macroeconomics>

Some chapters from the Core Economics textbook are also listed as a first source of additional reading on the topics. <https://core-econ.org/the-economy/book/text/0-3-contents.html>

Other supplementary readings below include papers by some of the pioneering thinkers in macroeconomics, surveys of more recent research, and links to some materials on the economic crisis. Weblinks (in blue) are provided.

Macroeconomic events move so fast that no textbook is completely up to date. In lectures we will try to compensate for this by spending time on current issues, and blogs are an excellent source for hearing about current debates – below we list some blogs with both a UK and global perspective.

¹ Other introductory macroeconomics textbooks have similar coverage of some of the latter macroeconomic principles.

A more advanced textbook for further reading is Carlin and Soskice (2015), *Macroeconomics: Institutions, Instability and the Financial System*, Oxford University Press. This is textbook for core macroeconomics lectures in the second year, so covers the material in more depth than is expected in this course.

- **Introduction to Macroeconomics (lectures 1-2)**
 - Jones: chapters 1-4
 - Core: chapter 1
 - Lucas, Robert (2003), "[Macroeconomic Priorities](#)", *American Economic Review*
 - Akerlof, George (2007), "[The Missing Motivation in Macroeconomics](#)", *American Economic Review*
 - Romer, Paul (2016), "[The Trouble with Macroeconomics](#)"
- **The Solow Growth Model (lecture 2-4)**
 - Jones: chapter 5
 - Core: chapter 2 and 13
 - Miguel and Roland (2010), "[The long-run impact of bombing Vietnam](#)", *Journal of Development Economics*
- **Growth and Ideas (lecture 5)**
 - Jones: chapter 6
 - Core: chapter 3
 - The Economist (2013), "[The great innovation debate](#)"
 - Boldrin, Levine and Modica (2014), "[Why Do Nations Fail?](#)" *Huffington Post* ([longer version](#))
 - Moser and Waldinger (2014), "[German Jewish Émigrés and US Invention](#)", *American Economic Review*
 - Becker and Woessman (2009), "[Was Weber Wrong? A Human Capital Theory of Protestant Economic History](#)", *Quarterly Journal of Economics*
- **The Labour Market, Wages and Unemployment (lecture 6)**
 - Jones: chapter 7
 - Core: chapter 9 (includes concepts that will be covered in 2nd year)
 - Ball and Romer (2002), "[The NAIRU in Theory and Practice](#)", *Journal of Economic Perspectives*
 - Blanchard (2006), "[European unemployment: the evolution of facts and ideas](#)", *Economic Policy*
 - Diamond (2011), "[Unemployment, Vacancies, Wages](#)", *American Economic Review*
- **The Short Run (lecture 7)**
 - Jones: chapter 9 and 10 (Application: The Great Recession)
 - Core: chapter 13
 - Brunnermeier, M. (2009). "[Deciphering the Liquidity and Credit Crunch 2007-2008](#)," *Journal of Economic Perspectives* 23, pp. 77-100.
 - Hall, R. (2010). "[Why Does the Economy Fall to Pieces after a Financial Crisis?](#)" *Journal of Economic Perspectives* 24, pp. 3-20.
- **Inflation (lecture 8)**
 - Jones: chapter 8
 - Core: chapter 15
 - Radford (1945), "[The Economic Organisation of a P.O.W. Camp](#)", *Economica*
 - Lucas (1996), "[Nobel Lecture: Monetary Neutrality](#)", *Journal of Political Economy*
- **The Short Run Model (lecture 9-11)**

- Jones: chapter 11.1-11.4 (IS Curve), 12.1-12.3, 12.5 (Monetary policy and the Phillips curve), 11.5 & 12.4 (Applications) and 12.6 & 12.7 (Setting interest rates)
 - Core: chapter 14 and 15
 - Dr. Econ (2005). "[How Does the Fed Determine Interest Rates to Control the Money Supply?](#)" Federal Reserve Bank of San Francisco.
 - Goodfriend, M. and R. King (2005). "[The Incredible Volcker Disinflation](#)," Journal of Monetary Economics 52, pp. 981-1015.
 - Nelson, E. (2005). "[The Great Inflation of the Seventies: What Really Happened?](#)" The B.E. Journal of Macroeconomics 5, pp. 1-50.
 - Parker, J. (2011). "[On Measuring the Effects of Fiscal Policy in Recessions](#)," Journal of Economic Literature 49, pp. 703-718.
- **Stabilization Policy and the AS/AD Framework (lecture 12-14)**
 - Jones: 13-1-13.4 (AS/AD framework), 13.5 & 13.7 (Shocks and stabilization policies), and 14, 18.5 & 18.6 (Applications).
 - Core: chapter 14 and 15
 - Bernanke, B. (2012). "[The Federal Reserve and the Financial Crisis](#)," College [Lecture Series 3](#) and [4](#) (available both as slides and video).
 - Hall, R. (2014). "[The Routes into and out of the Zero Lower Bound](#)," Federal Reserve Bank of Kansas City, Jackson Hole Symposium.
 - Ramey, V. (2011). "[Can Government Purchases Stimulate the Economy?](#)" Journal of Economic Literature 49, pp. 673-685.
 - Taylor, J. (2011). "[An Empirical Analysis of the Revival of Fiscal Activism in the 2000s](#)," Journal of Economic Literature 49, pp. 686-702.
- **Consumption (lecture 15)**
 - Jones: chapter 16
 - Hall (1978), "[Stochastic Implications of the Life Cycle-Permanent Income Hypothesis: Theory and Evidence](#)" *Journal of Political Economy*
 - Barro (1974), "[Are Government Bonds Net Wealth?](#)", *Journal of Political Economy*
- **Investment (lecture 16)**
 - Jones: chapter 17
 - Miles and Scott (2012), "Macroeconomics", Wiley, Chapter 10 (also useful for consumption)
 - Parker, Jeffrey: "[Theories of Investment Expenditure](#)"
 - Richard Blundell, Stephen Bond, Michael Devereux and Fabio Schiantarelli: "[Investment and Tobin's Q: Evidence from corporate panel data](#)".
- **Open Economy Issues (lecture 17 and 18)**
 - Jones: chapter 20.2-20.8 (Exchange rates and short-run model in open economy) and 19.8 (global imbalances).
 - Core: chapter 15.9
 - Lane, P. (2012). "[The European Sovereign Debt Crisis](#)," Journal of Economic Perspectives 26, pp. 49-68.
 - Obstfeld, M. and K. Rogoff (2009). "[Global Imbalances and the Financial Crisis: Products of Common Causes](#)," Asia and the Global Financial Crisis. Asia Economic Policy Conference, Santa Barbara, CA.
 - Obstfeld, M., Shambaugh, J. and A. Taylor (2005). "[The Trilemma in History: Tradeoffs among Exchange Rates, Monetary Policies, and Capital Mobility](#)," Review of Economics and Statistics 87, pp. 423-438.

Blogs:

- [mainlymacro](#) by Oxford's own Simon Wren-Lewis
- [longandvariable](#) by ex Bank of England economist Tony Yates.
- Tim Harford's Undercover Economist blog: timharford.com
- [Economist's View](#) by Mark Thoma
- [The Conscience of a Liberal](#) by Nobel Prize winning economist Paul Krugman.
- [Random Observations for Students of Economics](#) by Greg Mankiw
- [VoxEU](#) by the CEPR
- [Marginal Revolution](#)
- Miles Kimball's [Confessions of a Supply Side Liberal](#)