

Course Syllabus

GRAD-C8-109: Economics II: Inflation and Monetary Policy Challenges

1. General information

Course Format	Onsite Lecture
Instructor(s)	Joonseok Oh
Instructor's e-mail	Joonseok.oh@fu-berlin.de
Assistant (if applicable)	Dimitri Choufatinski (dimitri.choufatinski@gmail.com)
Instructor's Office Hours	Tuesday, by appointment

Link to [Study, Examination and Admission Rules and MIA, MDS and MPP Module Handbooks](#)

For information on **course room, times and session dates**, please consult the [Course Plan](#) on *MyStudies*.

Instructor Information:

Dr. Joonseok Oh is a postdoctoral macroeconomist at Freie Universität Berlin. He earned his Ph.D. in Economics from the European University Institute in 2019. His research examines the positive and normative aspects of deep recessions. He develops realistic macroeconomic models that successfully reproduce the properties of deep recessions and then suggest appropriate fiscal and monetary policies to improve social welfare. To be specific, his research spans a variety of highly policy-relevant topics: the macroeconomic impact of uncertainty shocks, fiscal and monetary policies at the zero lower bound, and optimal monetary policy in the presence of agents' heterogeneity. Moreover, he has several publications in academic journals such as the International Economic Review, Journal of Macroeconomics, and B.E. Journal of Macroeconomics.

2. Course Contents and Learning Objectives

Course contents:

The purpose of this course is to gain a thorough understanding of macroeconomics, inflation, and monetary policy. Besides core monetary policy topics, we will devote quite a bit of time to discuss current challenges of monetary policy. Topics in this regard range from the zero lower bound on nominal interest rates to the interaction between high inflation and supply chain disruptions. We will discuss practical aspects of monetary policy that should be helpful for understanding policy debates and for assessing current macroeconomic developments. We will develop a macroeconomic framework that is a simplified version of the models used at central banks.

Main learning objectives:

Students learn

- basic variables in macroeconomics and their dynamics,
- how to analyze the effects of monetary policy on the macroeconomy,
- to understand the scope and limitations of monetary policy,

- how to evaluate empirical evidence and policy questions.

Target group:

This course is offered as an Economics II course for first year MPP/MIA students.

Teaching style:

Teaching by instructor, continuous discussion of content

Prerequisites:

Some prior knowledge in macroeconomics and minimal mathematical skills (taking derivatives and solving equations with two unknowns) is very helpful.

Diversity Statement:

It is my intent that students from all diverse backgrounds be well served by this course. Suggestions are encouraged and appreciated.

3. Grading and Assignments

Composition of Final Grade:

Assignment 1: Take home test	March 10th	Submit via Moodle	20%
Assignment 2: Midterm exam	Deadline: Midterm Exam Week	Taken at school	35%
Assignment 3: Final exam	Deadline: Final Exam Week	Taken at school	45%

Assignment Details

Assignment 1

The take home test covers the most fundamental analytical concepts from the first four course sessions. The exam will be based on multiple choice and open essay questions.

Assignment 2

The midterm exam covers basic insights from Sessions 1 – 6. While a large part of the course relies on formal arguments, the exam will mostly verify whether students have a basic intuitive understanding of the basic insights and results. The exam will be based on open essay questions.

Assignment 3

The final exam covers basic insights from the entire course. While a large part of the course relies on formal arguments, the exam will mostly verify whether students have a basic intuitive understanding of the basic insights and results. The exam will be based on open essay questions

Late submission of assignments: For each day the assignment is turned in late, the grade will be reduced by 10% (e.g. submission two days after the deadline would result in 20% grade deduction).

Attendance: Students are expected to be present and prepared for every class session. Active participation during lectures and seminar discussions is essential. If unavoidable circumstances arise

which prevent attendance or preparation, the instructor should be advised by email with as much advance notice as possible. Please note that students cannot miss more than two out of 12 course sessions. For further information please consult the [Examination Rules](#) §10.

Academic Integrity: The Hertie School is committed to the standards of good academic and ethical conduct. Any violation of these standards shall be subject to disciplinary action. Plagiarism, deceitful actions as well as free-riding in group work are not tolerated. See [Examination Rules](#) §16 and the Hertie [Plagiarism Policy](#).

Compensation for Disadvantages: If a student furnishes evidence that he or she is not able to take an examination as required in whole or in part due to disability or permanent illness, the Examination Committee may upon written request approve learning accommodation(s). In this respect, the submission of adequate certificates may be required. See [Examination Rules](#) §14.

Extenuating circumstances: An extension can be granted due to extenuating circumstances (i.e., for reasons like illness, personal loss or hardship, or caring duties). In such cases, please contact the course instructors and the Examination Office *in advance* of the deadline.

4. General Readings

- N. Gregory Mankiw, Macroeconomics, 11th Edition, Worth (Mankiw)
- Mishkin, Frederic, S. The Economics of Money, Banking and Financial Markets, 13th Edition, Pearson (Mishkin)

Older editions are totally fine.

5. Session Overview

Course session times and dates can be found in the [Course Plan](#) on *MyStudies*.

Session	Session Title
1	What is Macroeconomics
2	The Data of Macroeconomics: GDP Accounting, Inflation, and Unemployment
3	Money and Inflation: Theory and Evidence
4	Introduction to Business Cycles
5	Aggregate Demand: Building the IS-LM model
6	Aggregate Demand: Applying the IS-LM model
Mid-term Exam Week: no class	
7	Aggregate Supply: Building and Applying the AD-AS model
8	Zero Lower Bound and Policy Paradoxes
9	Great Recession 2008
10	Guest Lecture: Central Bank and Monetary Policy
11	Covid-19 Recession 2020
12	Energy Crisis and Supply-Chain Disturbance 2022
Final Exam Week: no class	

6. Course Sessions and Readings

Please refer to Moodle to access the course readings.

Session 1: What is Macroeconomics

Required Readings	Mankiw Ch. 1
Optional Readings	

Session 2: The Data of Macroeconomics: GDP Accounting, Inflation, and Unemployment

Required Readings	Mankiw Ch. 2
Optional Readings	

Session 3: Money and Inflation: Theory and Evidence

Required Readings	Mankiw Ch. 4 & 5 Mishkin Ch. 19
Optional Readings	

Session 4: Introduction to Business Cycles

Required Readings	Mankiw Ch. 10
Optional Readings	

Session 5: Aggregate Demand: Building the IS-LM model

Required Readings	Mankiw Ch. 11 Mishkin Ch. 20
Optional Readings	

Session 6: Aggregate Demand: Applying the IS-LM model

Required Readings	Mankiw Ch. 12 Mishkin Ch. 21
Optional Readings	

Midterm Exam Week: no class

Session 7: Aggregate Supply: Building and Applying the AD-AS model

Required Readings	Mankiw Ch. 12 Mishkin Ch. 22
Optional Readings	

Session 8: Zero Lower Bound and Policy Paradoxes

Required Readings	Mishkin Ch. 23
Optional Readings	

Session 9: Great Recession 2008

Required Readings	TBA
Optional Readings	

Session 10: Guest Lecture: Central Bank and Monetary Policy

Required Readings	TBA
Optional Readings	

Session 11: Covid-19 Recession 2020

Required Readings	TBA
Optional Readings	

Session 12: Energy Crisis and Supply-Chain Disturbance 2022

Required Readings	TBA
Optional Readings	

Final Exam Week: no class