

Introduction to Macroeconomics – Main concepts

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1. Fallacies & basic conceptual problems

- 1.1. Fallacy of composition
- 1.2. Post hoc ergo propter hoc
- 1.3. Cum hoc ergo propter hoc
- 1.4. Prisoner's dilemma & social effects of self-interest
- 1.5. El Farol bar problem & identification of aggregate decisions with decisions by representative agents
- 1.6. The limits of partial equilibrium analysis

2. The real sector – the basics

- 2.1. Real GDP and nominal GDP
- 2.2. Nominal / real variable & stock / flow variable
- 2.3. GDP per capita
- 2.4. GDP deflator
- 2.5. Consumer price index (CPI)
- 2.6. Inflation rate
- 2.7. Inflation, disinflation, deflation, hyperinflation
- 2.8. Trade balance and government budget balance
- 2.9. Savings macroeconomic identity

3. The financial sector – a glimpse

- 3.1. Money, wealth, purchasing power
- 3.2. Functions of money: medium, deposit, account
- 3.3. Theories of money: commodity, credit, state
- 3.4. Monetary aggregates: M0, M1, M2, M3 ...
- 3.5. M1 creation process and money multiplier
- 3.6. Financial assets – properties: liquidity, return, risk
- 3.7. Trade-off between properties of a financial asset
- 3.8. Fragility and instability of the financial sector

4. Interest rates & central banks – essentials

- 4.1. Interest rates – reward, cost, measure of patience
- 4.2. Discount factor
- 4.3. Inverse relationship between the interest rate and the price of financial assets
- 4.4. Financial arbitrage & asset prices as present values
- 4.5. Central banks & monetary policy instruments: open market operations, standing facilities, reserve requirements, central bank's interest rates
- 4.6. Controlling interest rates vs controlling M1
- 4.7. Endogenous vs exogenous money
- 4.8. European Central Bank: decision-making bodies, main refinancing operations, key interest rates
- 4.9. The liquidity market model
- 4.10. Direct & indirect supply of (demand for) liquidity
- 4.11. Real interest rate
- 4.12. Fisher equation & Fisher effect
- 4.13. Lucas paradox

5. Exchange rates – fundamental ideas

- 5.1. The two ways of quoting an exchange rate
- 5.2. Appreciation / depreciation
- 5.3. The (standard) currency market model
- 5.4. Triangular and spatial arbitrage
- 5.5. Speculative attacks & currency crises
- 5.6. Fixed vs floating exchange rate regimes
- 5.7. Revaluation / devaluation
- 5.8. Intervention in the currency market
- 5.9. The impossible trinity

- 5.10. Rodrik's trilemma
- 5.11. Real exchange rate and competitiveness
- 5.12. Real appreciation / real depreciation
- 5.13. Purchasing power parity theory
- 5.14. Commercial arbitrage
- 5.15. The Big Mac index
- 5.16. Relative purchasing power parity
- 5.17. Uncovered interest rate parity

6. Unemployment – some hows and whys

- 6.1. Unemployment rate & participation rate
- 6.2. Okun's law
- 6.3. Phillips curve
- 6.4. The Swan diagram
- 6.5. Involuntary unemployment
 - 6.5.1. In the orthodox labour market model
 - 6.5.2. Under trade unions
 - 6.5.3. In a price setting – wage setting model
 - 6.5.4. In a segmented labour market model
 - 6.5.5. In a general macroeconomic model linking production, income, spending, and employment

7. The real sector – first extensions

- 7.1. Stylized facts of the business cycle
- 7.2. Procyclical/countercyclical variables & indicators
- 7.3. Virtuous/vicious circles in expansions/recessions
- 7.4. Views of why economies contract & Say's law
- 7.5. Types of deflation & deflationary spirals
- 7.6. Profit-led & demand-led economies
- 7.7. The aggregate supply and demand model
- 7.8. Why aggregate demand slopes downward
- 7.9. Keynes and Pigou effects
- 7.10. The expenditure multiplier effect
- 7.11. Self-replicating shocks & the role of expectations

8. Economic policy – a short start

- 8.1. Economic policy measures link tools and targets
- 8.2. Tinbergen precept (basic rule of economic policy)
- 8.3. Troubles when implementing policy measures: lags, temporal inconsistency, unintended effects
- 8.4. Goodhart's law & Lucas critique
- 8.5. Perversity, futility & jeopardy theses
- 8.6. Debates: activism/no activism & discretion/rules
- 8.7. Taylor's rule
- 8.8. Political business cycle, reputation & credibility
- 8.9. Supply-side/trickle-down economics & Laffer curve
- 8.10. Supply-side & demand-side policies
- 8.11. Fiscal policy (FP) & monetary policy (MP)
- 8.12. Instruments & effects of FP and MP
- 8.13. Three basic ways of financing the deficit
- 8.14. Crowding-out effect & Ricardian equivalence
- 8.15. Rolling debt over & debt-to-GDP ratio
- 8.16. Austerity economics
- 8.17. Automatic stabilizers & destabilizers
- 8.18. Pro-capital & pro-labour distributional policies
- 8.19. MP design & central bank independence
- 8.20. Monetary policy channels: i , e , credit, stock
- 8.21. Classical dichotomy & monetarism
- 8.22. The quantity equation
- 8.23. Key features of orthodox & heterodox macro
- 8.24. A toy economy – the Sweeneys' baby-sitting co-op