

# Macroeconomics 1

Fall semester, 2019-2020

**Professor: Konstantin Egorov**

**New Economic School**

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**Instructor's Office Hours:** Mondays 17:00-19:00, office 2.16

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## Course description

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This is the first course in macroeconomics. It introduces students to basic concepts and questions in macroeconomics. Methodologically, the course shows how the analysis of the economy “as a whole” cannot be reduced just to “a sum” of analysis for individual agents. Instead, choices of consumers affect choices of producers and vice versa. Ultimately, “everything affects everything”, and this often leads to unintended (or even paradoxical) consequences of many government policies.

The course addresses the questions of long-run economic growth, unemployment, government debt, intervention and taxation, money and banking, exchange rates, but leaves out the short-run macroeconomic policy and business cycles (which is the subject of Macroeconomics 2).

## Course requirements, grading, and attendance policies

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Class participation and attendance are required. The course grade will be based on home assignments (20% of the grade), quizzes (25%), class participation during seminars (5%), and the final test (50%). Students can expect short 5-10 minute quizzes almost every week at the beginning of one of the lectures, but only the best 80% of the quizzes count towards the final grade.<sup>1</sup> The same “80% rule” applies for home assignments, which also should be expected during most weeks.

If a quiz is skipped for a valid documented reason, then 25% of the course grade is based on the best 80% of the remaining quizzes. The same rule applies to home assignments, but only if all 7 days before the home assignment deadline are skipped for a valid documented reason.

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<sup>1</sup> For example, if the total number of quizzes is 15, then only an average score for 12 best quizzes counts toward the final grade.

Students who fail the course have the opportunity to re-take the final test (with 50% weight), with the maximum grade of 6 (9 if the final test was skipped for a valid documented reason). Students who fail this makeup test will go through the second makeup, which consists of a single test with 100% weight and the maximum grade of 5.

## **Course materials**

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The required textbook for the course is “Macroeconomics” by Stephen D. Williamson, 6<sup>th</sup> edition (global or not). Other excellent textbooks available in the library are the ones by Mankiw and by Abel, Bernanke, Croushore, but they are optional. Any additional required readings will be posted on my.nes.

## **Course contents**

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1. Introduction and national accounting (chapters 1-2)
2. Government and taxes (ch. 4-5)
3. Search and unemployment (ch. 6)
4. Economic growth (ch. 7-8)
5. Saving, investment, and credit market imperfections (ch. 9-11)
6. Money, inflation, and banking (ch. 12, 18)
7. Current account, external debt, and exchange rates (ch. 16-17)

## **Sample tasks for course evaluation**

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Analyze the effects of a temporary adverse oil shock, that is of a temporary decrease in total factor productivity, on saving, investment, and the real interest rate in a small open economy. Discuss how your answers change when the shock is permanent.

## **Academic integrity policy**

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Cheating, plagiarism, and any other violations of academic ethics are not tolerated.