ECON2125 Macro-economics

[60h+30h exercises] 12 credits

This course is taught in the 1st and 2nd semester

Teacher(s): David De la Croix, Frédéric Docquier
Language: French
Level: Second cycle

Aims

The Macro-economics course introduces the basic tools for an analysis of short- and medium-term macro-economic problems in an industrialised market economy. In particular, the aim is to give students the where-withal to understand the macro-economic discourses of institutions like central banks, the IMF and the OECD, and to examine them critically.

Main themes

The first part of the course provides an in-depth study of short-term macro-economic models. It initially analy-ses determinants of consumption and investment behaviour, and then seeks answers to certain questions: What explanations are there for fluctuations in activity, employment and inflation? What are the causes and conse-quences of external and budgetary deficits? Given dysfunctioning factors such as unemployment, what possible economic policies are there, and what is their effectiveness, particularly for mainly open economies elsewhere in the world?
The second part of the course focuses on the endogenous formation of prices and salaries, and tries to under-stand the mechanisms behind the appearance and persistence of a macro-economic balance with the kind of unemployment still seen today in several industrialised economies.
Although the first part of the course introduces a number of issues that are in principle new to the student, it also partly embraces models that appear on the syllabi for first and second preparatory (candidature) Macro-economics courses. However, it presents them much more formally and systematically, and attempts to provide the student with real mastery of the basic tools of macro-economic analysis.

Content and teaching methods

The first part of the course examines the formation of macro-economic balance with fixed prices and salaries (including IS-LM, in particular) and the impact of price and/or salary flexibility on features of short-term balance (e.g. neo-classical and neo-Keynesian models). These various themes will be addressed in turn in a closed-economy framework and then in an open-economy framework (e.g. the influence of the degree of openness of the economy, of capital mobility, of policies for change, and of the decision to opt for monetary union).
The second part of the course concentrates on an analysis of the macro-economic implications of the imperfectly competitive behaviour that may be observed on the goods and labour markets. The course will construct a complete macro-economic open-economy model in which the non-competitive mechanisms of price and salary formation will be explicitly described. The consequences of the mechanisms for macro-economic balance and possibilities for economic policy are studied in detail.
The course covers quite a broad range of issues, only the basic of which are covered in the 60 hours of teaching. The 30 hours of practical work are designed to cover half of the exercises in the strict sense of the word, and half of the additional reading. This reading will examine certain theoretical and methodological aspects, and will look at illustrations (case studies and empirical analyses).

Other information (prerequisite, evaluation (assessment methods), course materials recommended readings, ...)

Courses in Economics and Mathematics in the preparatory Economic Sciences degree course.
Oral examination. Compulsory test in January. Summarised reports on reading. The final evaluation will take account of all results obtained in the test and the final examination, and reports on additional reading.

Programmes in which this activity is taught

ECON2M	Maîtrise en sciences économiques
ECON2M1	Master en sciences économiques, orientation générale
MAP2	Ingénieur civil en mathématiques appliquées
STAT3DA	Diplôme d'études approfondies en statistique

Other credits in programs

ECON21	Première licence en sciences économiques	(12 credits)	Mandatory
ECON2M1	Master en sciences économiques, orientation générale	(12 credits)	Mandatory
MAP21	Première année du programme conduisant au grade d'ingénieur civil en mathématiques appliquées	(9 credits)	
MAP22	Deuxième année du programme conduisant au grade d'ingénieur civil en mathématiques appliquées	(9 credits)	
MATH21/E	Première licence en sciences mathématiques (Economie mathématique)	(12 credits)	Mandatory
STAT3DA	Diplôme d'études approfondies en statistique	(12 credits)	
STAT3DA/E	diplôme d'études approfondies en statistique (statistique et économétrie)	(12 credits)	