Course Descriptions None 2020-2021

Course Title	Shocks, Cycles and Stabilization
Course Code	EBC4238
ECTS Credits	5,0
Assessment	Whole/Half Grades

Period

Period	Start	End	Mon	Tue	Wed	Thu	Fri
4	1-2-2021	26-3-2021	X			X	

Level	Advanced
Coordinator	Clemens Kool For more information:c.kool@maastrichtuniversity.nl
Language of instruction	English
Goals	The development of the macro economy around its long-run trend is driven by a mix of shocks and their propagation on the one hand and by policy actions and reactions on the other. As a consequence, we observe irregular cyclicality in some of the main economic indicators like output, unemployment, interest rates and inflation in the short and medium run, sometimes with large costs to society. In this course we use modern macroeconomic theory and actual economic policymaking to shed light on the factors behind the observed cyclicality and on whether, to what extent and how policymakers can improve macroeconomic outcomes.
Description	PLEASE NOTE THAT THE INFORMATION ABOUT THE TEACHING AND ASSESSMENT METHOD(S) USED IN THIS COURSE IS WITH RESERVATION. THE INFORMATION PROVIDED HERE IS BASED ON THE COURSE SETUP PRIOR TO THE CORONAVIRUS CRISIS. AS A CONSEQUENCE OF THE CRISIS, COURSE COORDINATORS MAY BE FORCED TO CHANGE THE TEACHING AND ASSESSMENT METHODS USED. THE MOST UP-TO-DATE INFORMATION ABOUT THE TEACHING/ASSESSMENT METHOD(S) WILL BE AVAILABLE IN THE COURSE SYLLABUS. Both the business cycle and the financial cycle pose important challenges for macroeconomic policy. For an adequate policy strategy, it is crucial to know what the dominant underlying economic shocks are and what determines the speed and efficiency with which the economy is able to stabilize itself. In this course, we modern macroeconomic theory to focus on a number of important factors in this debate such as the existence and degree of real distortions, the degree of wage and price stickiness, the way expectations are formed and the role of heterogeneity across agents. In parallel, we show and discuss the stylized characteristics that one can see in macroeconomic data to see how they match theory. We also pay attention to the challenges and limitations in actual economic policy. Examples are the zero lower bound on interest rates and QE for monetary policy, the trade-off between short-run stabilization and long-run sustainability for fiscal policy, and the role exchange rate policy in addressing cross-country imbalances.
Literature	- W. Carlin and D.Soskice, Macroeconomics: Institutions, Instability and the Financial System, 3rd edition, 2014, Oxford University Press, selected chapters. - Selected articles
Prerequisites	Exchange students need to have a BSC degree with a major in (Quantitative) Economics.
Keywords	
Teaching methods	PBL / Presentation
Assessment methods	Written Exam / Presentation
Evaluation in previous academic year	For the complete evaluation of this course please click http://iwio-sbe.maastrichtuniversity.nl/rapporten.asp?referrer=codeUM

This course belongs to the following programme / specialisation

Master Economics - Global Challenges and Macroeconomic Policy	Compulsory Course(s)
Master Economics - No specialisation	Elective Course(s)
SBE Exchange Master	Master Exchange Courses