

Growth, Inflation, Unemployment: Macroeconomics and Policy in Europe and in the US

Lecturer: Luca Mazzone

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Office Hours: Wednesdays, 2:00-4:00 PM (TBD)

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Course Description:

This course covers core topics in modern macroeconomics – long run economic growth, business cycle fluctuations, inflation, the role of finance, unemployment, and climate change – with a focus on analogies and differences between European and US institutions in their response to similar economic problems. The course emphasizes analytical frameworks, empirical evidence, and policy implications relevant to understanding complex economic phenomena. Students will gain skills in interpreting macroeconomic data, evaluating theoretical models, and applying them to contemporary issues.

Course Prerequisites: Introductory Macroeconomics, basic calculus and statistics.

Course Requirements:

- Problem Sets: 45%
 - Final Exam: 40%
 - Class Participation: 15%
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- Classes will include lectures, discussions, and problem-solving sessions.
 - Assignments will involve data analysis using tools like Python or R (basic guidance provided).
 - Office hours will be held weekly for additional support.

Grading Policy:

Mandatory Completion Policy

Note that all mandatory assignments and exams must be completed to the best of your ability in order for your final grade to be issued. Failure to complete a mandatory assignment or exam may result in a failing grade.

Letter Grade	Percentage	Description
A+	97-100	Excellent Work
A	93-97	Outstanding Work
A-	90-92	
B+	87-89	Good work
B	83-86	
B-	80-82	
C+	77-79	Acceptable Work
C	73-76	
C-	70-72	
D+	67-69	Work that is significantly below average
D	63-66	
D-	60-62	
F	0-59	Work that does not meet the minimum standards for passing the course

UPCES Academic Integrity Policy

Plagiarism and other forms of academic dishonesty are not tolerated. The use of Artificial Intelligence (AI) for the development of knowledge and learning is encouraged at many stages of the learning process. While we value technology for educational purposes, we also value originality and the retainment of knowledge, and thus using AI for assignments and examinations, even if rephrased, is strictly prohibited and considered an academic integrity violation, unless the instructor explicitly allows for it in the context of evaluated work

UPCES Non-Discrimination/Harassment Policy

The UPCES program in Prague promotes a diverse learning environment where the dignity, worth, and differences of each individual are valued and respected. Discrimination and harassment, whether based on a person's race, gender, sexual orientation, color, religion, national origin, age, disability, or other legally protected characteristic, are repugnant and completely inconsistent with our objectives. Retaliation against individuals for raising good faith claims of harassment and/or discrimination is prohibited.

UPCES Diversity Policy

UPCES fully embraces diversity and strives to create a safe and welcoming environment for students from all backgrounds. Prague is a wonderfully diverse community and UPCES is no different. All students should feel at home while studying abroad and UPCES will do its utmost to make sure that becomes a reality. Although unique challenges may arise, we believe that students from all walks of life will encounter wonderful opportunities for enrichment as they explore a new culture while studying abroad.

Weekly Schedule:

Week 1

CEE Introductory Lecture Series

UPCES CEE Introductory Lecture Series

Week 2 - Review of Intermediate Macro Concepts

Overview of GDP, unemployment, inflation, and national accounting.

Key readings: Leslie Lipschitz and Susan Schadler (2019), Chapter 2

Week 3 - Growth

Capital accumulation, steady-state, and convergence. Role of technology and savings. How to understand European convergence and then divergence with respect to the US?

Key readings: Daron Acemoglu (2008), Chapters 2-5; The Committee for the Prize in Economic Sciences in Memory of Alfred Nobel (2024): Prize motivation; Ronald Lee (2016)

Week 4 - Consumption Theory and the Business Cycle

Permanent Income Hypothesis, Ricardian equivalence, the role of taxes.

Key readings: Doepke Matthias, Lehnert Andreas, Sellgren Andrew W et al. (1999), Chapters 3 and 9;

Week 5 - Introduction to Monetary Policy

Central banking in Europe and in the US, introduction to New Keynesian framework.

Key readings: Lipschitz and Schadler (2019), Chapters 3-4;

Week 6 - Monetary Policy (cont.)

The Taylor rule and inflation targeting, conventional vs. unconventional monetary policy in the practice of the ECB and the FED.

Key readings: Lipschitz and Schadler (2019), Chapters 3-4;

Week 7 - Firms and Investment

Tobin's Q, Lumpy Investment, Irreversibility, Innovation, Research and Development.

Key readings: Lecture Notes

Week 8 - Finance in Macro

Credit rationing, moral hazard, asymmetric information, bank runs.

Key readings: Jean Tirole (2010), Chapters 5-6; Stephen G Cecchetti (2008)

Week 9 - Unemployment and Labor Markets

Search and matching frictions, job vacancies, the Beveridge curve.

Key readings: Toshihiko Mukoyama and Aysegül Sahin (2024)

Week 10 - Labor Markets (cont.)

Job destruction, Job posting, labor market sorting in Europe and in the US.

Key readings: Toshihiko Mukoyama and Aysegül Sahin (2024)

Week 11 - Inequality

Measurement of income and wealth inequality, policies for addressing inequality, social mobility.)

Key readings: Lecture Notes; Jeremy Greenwood, Nezih Guner and Ricardo Marto (2023)

Week 12 - Macroeconomics of climate change

Climate damage, Mitigation, and optimal regulation.

Key readings: Lecture Notes; Claudia Goldin and Joshua Mitchell (2017); Greenwood et al. (2023)

Week 13 - Finals

Readings:

- **Acemoglu, Daron.** 2008. Introduction to modern economic growth. Princeton university press.
- **Cecchetti, Stephen G.** 2008. "Crisis and responses: the Federal Reserve and the financial crisis of 2007-2008." National Bureau of Economic Research.

- **For the Prize in Economic Sciences in Memory of Alfred Nobel, The Committee.** 2024. "Scientific Background on the 2024 Nobel Memorial Prize in Economic Sciences."
- **Goldin, Claudia, and Joshua Mitchell.** 2017. "The new life cycle of women's employment: Disappearing humps, sagging middles, expanding tops." *Journal of Economic Perspectives*, 31(1): 161–182.
- **Greenwood, Jeremy, Nezih Guner, and Ricardo Marto.** 2023. "The great transition: Kuznets facts for family-economists." In *Handbook of the Economics of the Family*. Vol. 1, 389–441. Elsevier.
- **Lee, Ronald.** 2016. "Macroeconomics, aging, and growth." In *Handbook of the economics of population aging*. Vol. 1, 59–118. Elsevier.
- **Lipschitz, Leslie, and Susan Schadler.** 2019. *Macroeconomics for professionals*. Cambridge University Press.
- **Matthias, Doepke, Lehnert Andreas, Sellgren Andrew W, et al.** 1999. "Macroeconomics."
- **Mukoyama, Toshihiko, and Ayseg" ul Sahin.** 2024. "Labor Market Frictions."
- **Tirole, Jean.** 2010. *The theory of corporate finance*. Princeton university press.