

**Intermediate Macroeconomics – 7.5 credits**  
**Intermediate level, autumn 2008**

**Lecturer: Lars Calmfors**

**Plan of lectures**

<b>Date</b>	<b>Time</b>	<b>Room</b>	<b>Contents</b>
Thu Aug 28	9-12	B4	Saving, investment, budget balance and real interest rates in closed economies. The relationship between budget balance and the current account in open economies. The determination of the real exchange rate. Global imbalances. <i>Mankiw and Taylor 3 and 5, EEAG (2007) Ch. 1, EEAG (2008) Ch. 1-2.</i>
Wed Sep 3	9-12	B4	Economic growth. The situation of Sweden. Growth accounting. The Solow model and theories of endogenous growth. <i>Mankiw and Taylor 3, 7-8, EEAG (2007) Ch.4, pp 82-97.</i>
Mon Sep 8	13-16	G-salen	Unemployment. Theories of equilibrium unemployment. Employment in the Nordic countries, continental Europe and Anglo-Saxon countries. Wage setting and employment. Recent Swedish labour market reforms. <i>Mankiw and Taylor 6, EEAG (2007) Ch. 4, pp 97-112, Forslund-Krueger, The Swedish Economy.</i>
Wed Sep 17	9-12	D8	Nominal exchange rates and interest rates. Spot and forward foreign exchange markets. Monetary policy and exchange rates. <i>Krugman-Obstfeld 13-14, EEAG (2007) Ch. 1, The Swedish Economy.</i>
Fri Sep 19	9-12	E10	The long-run relationship between prices and exchange rates. Output and flexible exchange rates in the short run. The effects of monetary and fiscal policy under a fixed exchange rate. <i>Krugman-Obstfeld 15-16.</i>

Wed Sep 24	9-12	B4	Output and fixed exchange rates. The effects of monetary and fiscal policies under a fixed exchange rate. Exchange rate crises and exchange rate systems. <i>Krugman-Obstfeld Ch. 17, EEAG (2006) Ch. 2.</i>
Mon Sep 29	13-16	D8	Optimal currency areas. Benefits and costs of EMU membership. Macroeconomic adjustment in the euro area. The euro and the new EU member states. <i>Krugman-Obstfeld 20, EEAG (2007) Chs. 1-3, Wyplosz.</i>
Wed Oct 08	9-12	G-salen	Aggregate supply and the importance of inflation expectations. Inflation and unemployment. The degree of activism in stabilisation policy. Monetary policy and independent central banks. The Taylor rule. The monetary policy of the Riksbank and the ECB. <i>Mankiw and Taylor 13-14, EEAG (2008) Ch. 1, The Swedish Economy.</i>
Thu Oct 16	9-12	B4	Consumption and forward-looking households. Budget deficits and the effectiveness of fiscal policies. Ricardian equivalence. <i>Mankiw and Taylor 15 and 17, The Swedish Economy, Swedish Fiscal Policy.</i>
Wed Oct 22	9-12	B4	Fiscal policy in the EMU. The relationship between budget deficits and long-run debt. Fiscal rules. The stability pact. Fiscal policy institutions. <i>Mankiw and Taylor 15, Calmfors (2005), Swedish Fiscal Policy, The Swedish Economy, Wyplosz.</i>