

*Federal State Autonomous Educational Institution of Higher Education
"Peoples' Friendship University of Russia"*

*Faculty of Economics
Department of National Economy*

Recommended by MSSN / MO

**Program and Description
of the Course**

**MACROECONOMICS
Advanced level**

**Master Program "International Business"
field 38.04.01 "Economy"
specialization "International Business"**

Qualification (degree) graduate: Master Degree

2021

1. Goals and objectives of discipline:

The goal of the course: Macroeconomics (advanced level) is a systematization of knowledge acquired earlier in the study of the basic course of Macroeconomics, as well as broadening and deepening of master students' knowledge in macroeconomic analysis and public administration.

The main objectives of the study subjects are:

Mastering by master students the modern tools and analytical apparatus for analysis of key economic issues. Acquiring of practical skills of comprehensive analysis of the different economic policy options. Familiarization with the most promising modern research theories in the field of Macroeconomics.

2. Place of discipline in the structure of the study plan:

This theoretical course is a core course of the economic block for master students with specialization in International Business.

Table No. 1 shows the previous and subsequent disciplines aimed at the formation of the competencies of the discipline in accordance with the competency matrix of OP VO.

Table No. 1 - Previous and subsequent disciplines aimed at the formation of competencies

Competence	Preceding	Subsequent
Universal competence UC-1. Able to search for and critically analyze problem situations based on a systematic approach, and develop a strategy for action.	Microeconomics, Econometrics, International trade, Technology transfer, Doing business in Russia	Corporate innovation policy, International monetary relations, International business management, Custom and tariff regulation, Corporate security, Research practice.
Universal competence UC-7. Able to use digital technologies and methods of searching, processing, analyzing, storing and presenting information (in the professional field) in the digital economy and modern corporate information culture	Microeconomics, Econometrics, International trade, Technology transfer, Doing business in Russia	Corporate innovation policy, International business management, Custom and tariff regulation, Corporate security, Research practice.
General professional competence GPC-2. Able to apply advanced instrumental methods of economic analysis in applied and/or fundamental research.	Microeconomics, Econometrics, International trade, Technology transfer, Doing business in Russia	Corporate innovation policy, International monetary relations, International business management, Custom and tariff regulation, Corporate security, Research practice.

General professional competence GPC-3. Able to generalize and critically evaluate scientific research in Economics.	Microeconomics, Econometrics, International trade, Technology transfer, Doing business in Russia	Corporate innovation policy, International monetary relations, International business management, Custom and tariff regulation, Corporate security, Research practice.
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3. Requirements for the results of the studying of disciplines are:

Students after studying this discipline must acquire the following competencies:

Universal competence

UC-1. Able to search for and critically analyze problem situations based on a systematic approach, and develop a strategy for action

General professional competencies (GPC) that a student should acquire:

GPC-2. Able to apply advanced instrumental methods of economic analysis in applied and/or fundamental research.

GPC-3. Able to generalize and critically evaluate scientific research in Economics.

As a result, the student must:

know:

- recent advances in the field of macroeconomics and discussions in scientific periodicals;
- major current trends in macroeconomic stabilization policies;
- major mechanisms of different markets (e.g. goods, money, labor) functioning;

be able to:

- discuss possible results and shortcomings of macroeconomic policies applied;
- discuss factors which affect dynamics of major macroeconomic indicators;

get:

- skills to propose and discuss solutions in the field of state regulation;
- skills to prepare analytical reports with practical advice and evaluation of activities in the field of economic policy;
- skills to work with original scientific publications.

4. The work load of discipline and types of training activities

Credit hours for the discipline are **3 credit units (one semester)**

Type of school work	Total hours	Semester (modul)			
		1	2	3	4
	36	36			

Including:	-		-	-	-
Lectures	18	18			
Seminars (C)	18	18			
Self-study (total)	72	72			
Including:	-	-	-	-	-
Course project (individual project)					
Cash and graphics					
Review					
<i>Other types of independent work:</i>					
Preparation of 2 creative projects					
Independent study of recommended literature	50	50			
Preparation for the mid-term test	11	11			
Preparation for the final exam	11	11			
The overall credit hours	108	108			
	3	3			

Topic 1: The brief story of modern macroeconomics

John Maynard Keynes and the Great Depression. The Neoclassical Synthesis (J. Hicks, A. Hansen, A.W.Phillips). The Rational Expectations Critique (R. Lucas, T. Sargent, R. Barro). New Classical Economics (E. Prescott). New Keynesian Economics (B. Bernanke, G. Mankiw). New Growth Theory (R. Lucas, P. Romer, Ph. Aghion, P. Howitt). Common beliefs of macroeconomists.

Topic 2: Major macroeconomic variables - GDP, the unemployment rate, the inflation rate

Aggregate output. 3 ways to compute GDP: product, expenditure and income approaches. Nominal and real GDP. GDP growth rate. The unemployment rate and the inflation rate.

Topic 3. The goods market in the short run

The composition of GDP. The demand for goods. The determination of equilibrium output.

Topic 4: Financial markets in the short run

Money demand. Money supply. Money demand, money supply, and the equilibrium interest rate.

Topic 5: Goods and financial markets: the IS-LM model in closed economy

The goods market and the *IS* relation. Financial markets and the *LM* relation. Putting the *IS* and the *LM* relations together. Using a policy mix. *IS-LM* and the liquidity trap.

Topic 6. Mundell - Fleming model for open economy

Openness in goods markets. Output, the interest rate, and the exchange rate.
 The IS–LM Model in an open economy. The fiscal policy effects in an open economy. The effects of exchange rate policy in an open economy.

Topic 7: Expectations in economy: financial markets, output, and economic policy

The real interest rate and the nominal interest rate. Expected present discounted values. Expectations and consumption. Expectations and investment. Expectations, output and policy.

Topic 8: Economic policy in an open economy

Impact of domestic shocks and foreign shocks on the domestic economy’s output and trade balance. Effects of a real depreciation on output and the trade balance. The role of policy under flexible exchange rates. The role of policy under fixed exchange rates. Exchange rate volatility.

Topic 9: Monetary and fiscal policy rules and constraints

The optimal inflation rate. Monetary policy rules. Fiscal policy rules and constraints.

5.2 Thematic sections and interdisciplinary connection with other disciplines.

Discipline is taught in the second semester of the master’s program and does not require follow-up training courses.

5.3. Workload composition

TOPIC	lectures (h)	seminars (h)
Topic 1: The brief story of macroeconomics	2	0
Topic 2: Major macroeconomic variables - GDP, the unemployment rate, the inflation rate.	2	2
Topic 3: The goods market in the short run	2	2
Topic 4: Financial markets in the short run	2	2
Topic 5: Goods and financial markets: the IS-LM model in closed economy	2	2
Topic 6: Mundell- Fleming model for open economy	2	3
Topic 7. Expectations in economy: financial markets, output, and economic policy	2	2
Topic 8: Economic policy in an open economy	2	2
Topic 9. Monetary and fiscal policy rules and constraints	2	3
Total	36	18

6. Laboratory workshop. Not provided.

7. Practical exercises (seminars)

TOPIC	seminars
	18 hours
Topic 1. Analysis of real macroeconomic data	2
Topic 2 Composition of GDP. Goods market equilibrium	2
Topic 3. Money creation by commercial banks. The role and instruments of the Central Bank	2
Topic 4. IS and LM equation and curves. Simultaneous equilibrium in goods and financial markets	2
Topic 5. IS-LM-BP framework in open economy. Equilibrium in goods, financial and foreign exchange markets	2
Topic 6. Expectations and output fluctuations	2
Topic 7. Expectations and outcomes of monetary policy	2
Topic 8. Economic policy in an open economy. Problem of coordination	2
Topic 9. Choosing between exchange rate regimes	2

8. Sample topics for discussion (research)

1. The effectiveness of fiscal and monetary policy during the global economic crisis from the perspective of the "new Keynesian" school.
2. Monetarism and the theory of rational expectations about the interaction of unemployment and inflation.
3. Macroeconomic regulation of the real and financial sectors of economy in the current economic crisis.
4. The problem of unemployment in Russian economy (in European economies).
5. Features of national banking system (selected country).
6. The credit system in national economy in transition (selected country).
7. Monetary policy in national economy: policy by rule or by discretion?
8. The inflationary processes in Russian economy: factors, mechanism, strategy for overcoming.
9. Monetary policy of the Central Bank of selected country.
10. Current models of inflation and anti-inflation policy in selected country.
11. The interaction of monetary and fiscal policy in selected country.
12. Financial markets and their regulation in selected country.

13. Financial markets in the global economic crisis.
14. Objectives and instruments of monetary policy in economy in transition.
15. Objectives and instruments of fiscal policy in economy in transition.
16. Various exchange rate regimes: strengths and weaknesses.

9. Methodical and informational support

BASIC SOURCES:

1. *Paul Krugman, Robin Wells ECONOMICS*, Princeton University, Worth Publishers, 2013
Electronic file from open Internet sources: URL:
https://matermiddlehigh.enschool.org/ourpages/auto/2015/8/25/54609372/Krugman_s%20Economics%20for%20AP.pdf
<https://openstax.org/details/books/principles-macroeconomics-ap-courses-2e>

ADDITIONAL SOURCES:

1. *Julio Gar'in, Robert Lester, Eric Sims Intermediate Macroeconomics*. 2018
Electronic pdf file from open Internet sources: URL
https://www3.nd.edu/~esims1/gls_int_macro.pdf
2. *Irina Karzanova Macroeconomics (advanced level)*, RUDN, RUDN Library, 2015
(Electronic files)

10. Software

OC MS Windows (XP), MS Office 2010, Mentor, Leading business Games 2010-2012.

Logistical support discipline:

- classrooms (rooms) at the workplace for lectures (depends on the number of students) and for seminars (the number of students in separate groups);
- board;
- desktop PC with Microsoft Office 2007;
- multimedia projector;
- portable equipment - a laptop and a projector;
- screen (stationary or portable floor).

№ aud.	Name-equipped classrooms	List of main equipment
17	Classroom	Multimedia Projector - 2 pcs., Sound Tribune - 1 pc., Screen - 2 pcs.
19	Computer Class	Computers Pentium 4-1700/256MB/cd/audio - 21

		pcs., Multimedia projector PanasonicPT-LC75 - 1 pc., The screen is 1 unit.
103	Classroom	Multimedia Projector - 1 pc.,
105	Classroom	Multimedia Projector - 1 pc.,
1	Classroom	Multimedia Projector - 1 pc.,
2	Classroom	Multimedia Projector - 1 pc.,
Conference hall	Classroom	Multimedia Projector - 1 pc., Sound equipment
Hall Library	4 Classroom	Multimedia Projector - 1 pc.,

There are 770 library workstations in the reading rooms of PFUR library. Reading and lending rooms of the Academic and Research Library are located in 5 university buildings. Some rooms are used for group work, 3 rooms are equipped with multimedia devices. Internet access is provided in the library via Wi-Fi.

There are more than 17000 Library readers. Library fund contains 1.800.000 books and is increased monthly. The funds are universal, they are formed by the discipline principle. It is increased due to departments' orders. The library staff counts 43, 36 of them have university degrees, 90% are computer competent.

Electronic catalogue has been compiled since 1990. Since 2010 PFUR e-library system has provided readers with information and full-text document access.

Book lending is done automatically. The free access room is equipped with self-service lending station applying RFIT-technology.

All PFUR computers provide access to PFUR e-library system and electronic sources.

The platform for information, service and resource access is available at the library website <http://lib.rudn.ru/>.

11. Guidelines on the organization of the discipline:

Types of classes and teaching methods

The implementation of the course includes interactive lectures, practical sessions (workshops) including multimedia equipment and an interactive tutorial, the independent creative works and their subsequent presentation, testing, group discussions on topics of the course.

Lectures	The classroom form of instruction in which the main provisions of the academic discipline are given. The ultimate goal of the lectures is the achievement by students of the degree of mastering the theoretical knowledge they need for further professional activity. The form of the lecture can be both traditional and interactive.
Seminars	A classroom dialogue form of classes on one of the course topics,

	involving the active participation of students (all or some of them), aimed at developing their skills of independent theoretical analysis of the problems addressed in the course, including by studying texts of primary sources, accumulating practical experience in solving typical professional tasks.
Group academic counseling	The main task of group academic counseling is a detailed or in-depth examination of some theoretical course topics, the development of which, as a rule, makes it difficult for some students. At the request of students, it is possible to introduce additional ones for discussion: topics of particular interest to them that do not receive sufficient coverage in the lecture course. This form of study is mandatory for the teacher, the student has the right not to take part in such a consultation if he has successfully mastered this section of the course on his own or the additional topic being discussed does not interest him.
Individual consultations	An out-of-class form of a teacher's work with an individual student, implying discussion of those sections of the discipline that were not clear to the student, or caused by the student's desire to work on writing a course or final qualifying work for the course being studied.
Independent work	Reading the recommended literature (mandatory and optional), preparing for oral presentations, preparing for written examinations (midterm, final tests), writing essays, essays, term papers and final qualifying works; as well as other types of work required to complete the curriculum

Terms and criteria for grading

From students are required to attend lectures and seminars, mandatory participation in the certification tests, the performance of the teacher's assignments. Especially appreciated is the active work at the seminar (the ability to lead a discussion, a creative approach to the analysis of materials, the ability to clearly and concisely formulate their thoughts), as well as the quality of the preparation of quizzes (tests) and reports.

Evaluation of the discipline being taught is based on the results of the study, demonstrated by students throughout the entire period of study (usually a semester). The final grade is determined by the amount of points received by students for various types of work during the entire period of study provided by the curriculum.

All types of educational work are carried out exactly in the terms stipulated by the training program. If a student, without good reason, did not complete any of the study tasks (he missed the test, passed the abstract later, etc.), then points are not awarded for this type of study, and the works prepared after the due date are not evaluated.

Grade structure: maximum 100 points, of which:

- attendance of classes and active work on seminars –18 points
- homeworks 10 points

- quizzes – 12 points
- mid-term evaluation – 20 points
- final evaluation - 40 points

Score-rating system of knowledge assessment, rating scale

BRS points	Traditional RF ratings	ECTS
95 - 100	Excellent - 5	A (5+)
86 - 94		B (5)
69 - 85	Good - 4	C (4)
61 - 68	Satisfactory - 3	D (3+)
51 - 60		E (3)
31 - 50	Unsatisfactory - 2	FX (2+)
0 - 30		F (2)
51 - 100	Test	Passed

Description of ECTS ratings:

A (“Excellent”) - the theoretical content of the course has been mastered completely, without gaps, the necessary practical skills of working with the mastered material have been formed, all the training tasks provided by the training program have been completed, the quality of their implementation is estimated by the number of points close to the maximum.

B ("Very Good") - the theoretical content of the course has been fully mastered, without gaps, the necessary practical skills of working with the mastered material are basically formed, all the training tasks provided by the training program are completed, the quality of performance of most of them is assessed by the number of points close to the maximum.

C (“Good”) - the theoretical content of the course has been fully mastered, without gaps, some practical skills of working with mastered material are not sufficiently developed, all the training tasks provided for by the training program are completed, the quality of performance of none of them is assessed by the minimum number of 5 dollars, some types of tasks are completed with errors.

D (“Satisfactory”) - the theoretical content of the course has been partially mastered, but the gaps are not essential, the necessary practical skills of care with the material mastered are mostly formed, most of the training tasks provided by the training program are completed, some of the completed tasks may contain mistakes.

E (“Mediocre”) - the theoretical content of the course has been partially mastered, some practical skills have not been formed, many of the training tasks provided by the training program have not been completed, or the quality of performance of some of them is assessed by the number of points close to the minimum.

FX ("Conditionally unsatisfactory") - the theoretical content of the course is partially mastered, the necessary practical skills are not formed, most of the training tasks provided by the training program are not fulfilled or the quality of their implementation is assessed by the number of points close to the minimum; with additional independent work on the course material it is possible to improve the quality of the performance of training tasks

F (“Certainly unsatisfactory”) - the theoretical content of the course is not mastered, the necessary practical skills are not formed, all completed training tasks contain blunders, additional independent work on the course material will not lead to any significant improvement in the quality of the training tasks.

12. The fund of assessment tools for the intermediate certification of students in the discipline

Sample of Final Exam

I. Label each of the following statements true (T), false (F) or uncertain (U).

1. There is a reliable negative relation between the rate of inflation and the growth rate of output.

T **F** **U**

2. A real depreciation leads to an immediate improvement in the trade balance.

T **F** **U**

3. If inflation turns out to be higher than expected, then the realized cost of borrowing turns out to be lower than the real interest rate.

T **F** **U**

4. The Fisher effect states that in the medium run, the nominal interest rate is not affected by money growth.

T **F** **U**

5. Given the Fisher hypothesis, an upward-sloping yield curve may indicate that financial markets are worried about inflation in the future.

T **F** **U**

6. A monetary expansion will lead to an upward-sloping yield curve.

T **F** **U**

7. Junk bonds are bonds nobody wants to hold.

T **F** **U**

8. The price of a one-year bond decreases when the nominal one-year interest rate increases.

T **F** **U**

9. A fiscal expansion tends to increase net export.

T **F** **U**

10. Other things equal, the interest parity condition implies that the domestic currency will appreciate in response to an increase in the expected exchange rate.

T **F** **U**

11. The investor should never pay a positive price for a stock that will never pay dividends.

T **F** **U**

12. Because the multiplier is smaller in an open economy, fiscal policy is less effective (at stimulating output) in an open economy with flexible exchange rates than in a closed economy.

T **F** **U**

13. Expected future fiscal policy affects expected future economic activity but not current economic activity.

T **F** **U**

14. Changes in the expected level of exchange rate far in the future have little effect on the current level of the exchange rate.

T **F** **U**

15. Under fixed exchange rates, fiscal policies with monetary accommodation is less powerful than it is under flexible exchange rate.

T **F** **U**

II. Solve the following numerical problems. Briefly explain when needed.

1. Suppose that the annual interest rate this year is 5% and financial market participants expect the annual interest rate to increase to 5.5% next year; to 6% two years from now, and to 6.5 % three years from now. Determine the yield to maturity on (show formula):

- a. A one-year bond.
- b. A two-year bond
- c. A three-year bond.

The fund of assessment tools for the discipline are presented in the appropriate teaching materials.

The program is compiled in accordance with the requirements of OS VO RUDNF

Developers:

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The work program of the discipline is recommended for approval by a representative of the employing organization:

LLC Astakhov, Khoroshev, Zainullin and Partners

General Director _____ S.B. Zainullin.