

Macroeconomics, Money and Financial Markets

The field “Macroeconomics, Money and Financial Markets” is concerned with monetary theory and policy and financial market frictions as well as with public debt and open economy macroeconomics.

Typical problems discussed in this field are: How is monetary policy transmitted via financial markets? What are the consequences of financial market imperfections? What is the optimal level of public debt, how do debt crises emerge and what is the role of policy? How do open economy business cycles behave and what determines current account dynamics?

Module	CP	Obligatory/Elective	Target CP	
Seminar in Macroeconomics, Money and Financial Markets	6	O	6	18
Foundations in Macroeconomics, Money and Financial Markets A: Money and Financial Markets	6	E	12	
Foundations in Macroeconomics, Money and Financial Markets B: International Macroeconomics	6	E		
Foundations in Macroeconomics, Money and Financial Markets C: Public Debt	6	E		
Topics in Macroeconomics, Money and Financial Markets	6	E		

Foundations in Macroeconomics, Money and Financial Markets A: Money and Financial Markets (summer term) – Prof Dr. Andreas Schabert

“Money and Financial Markets” is concerned with monetary theory and policy. It covers fundamental analysis of money demand, financial market frictions and financial intermediaries and monetary transmission via the banking sector. Main questions are “How can money demand be rationalized?”, “What are macroeconomic effects of financial market imperfections?”, “Why should monetary policy care about banks?” and “How should macroprudential regulation be implemented?”. The course features the analysis of partial equilibrium and dynamic general equilibrium models, introduces insights from microeconomic theory in macro models and sketches a "new normal" for monetary policy and regulation.

Outline

1. Empirical Evidence
2. Transaction Frictions and Money Demand
3. Financial Intermediaries and Banks
4. A Macroeconomic View on Money and Banking
5. Asymmetric Information and Debt Contracts
6. Financial Frictions and Macroeconomic Dynamics

7. Bank Runs, Interbank Markets, and Monetary Policy

8. Unconventional Monetary Policy

9. (Macroprudential) Regulation of Banks

Main literature consists of “Monetary Theory and Policy” (Walsh, 2003), “Microeconomics of Banking” (Freixas and Rochet, 2008) and a selection of recent publications in monetary theory.

Foundations in Macroeconomics, Money and Financial Markets B: International Macroeconomics (winter term) – Prof. Dr. Andreas Schabert

“International Macroeconomics” has a focus on macroeconomic aggregates and short-run dynamics and a close connection to international finance. Main topics are the characteristics of open economy business cycles, the determination of current account dynamics and exchange rates, the role of monetary policy in open economies and the emergence of balance of payments problems and debt crises. The course features applications of stochastic dynamic general equilibrium models, compares model implications to empirical evidence and introduces students into recent fields of research in international macroeconomics.

Outline

1. National accounting and some stylized facts
2. Intertemporal approach to the balance of payments
3. Endogenous production in an open economy
4. Open economy real business cycles
5. Real business cycles in emerging markets
6. Complete markets and international risk sharing
7. Foreign exchange markets and interest rate parity
8. Prices, exchange rates, and monetary policy
9. New open economy macroeconomics
10. Fixed exchange rates and monetary unions
11. Public debt and sovereign default

In the course, students will acquire basic theoretical concepts in applied international macroeconomics and apply basic methods of empirical models. Main literature consists of “Open Economy Macroeconomics” (Schmitt-Grohé and Uribe, 2015) and “Foundations of International Macroeconomics” (Rogoff and Obstfeld, 1996).

Foundations in Macroeconomics, Money and Financial Markets C: Public Debt (summer term) – Prof. Dr. Martin Barbie

Methodically, this course is based on the overlapping generations model. It covers the theory of public debt in closed and open economies, Ricardian equivalence, theory of old-age provision, and optimal public debt under distorting taxation.

In the course, students will analyze basic empirical facts concerning public debt, analytically evaluate the consequences of public debt on allocation and welfare, as well as analyze the mechanisms of public debt under altruism and of pay-as-you-go pension insurance.

Topics in Macroeconomics, Money and Financial Markets – N.N.

Seminar in Macroeconomics and Public Economics (summer and winter term) – Prof Dr. Martin Barbie and Prof. Dr. Andreas Schabert

The seminar covers basic and recent papers in macroeconomics, monetary policy and public debt. Students apply their theoretical and empirical skills to independently deal with scientific and applied questions concerning "Macroeconomics, Money, and Financial Markets" and critically analyze the corresponding literature. In the course, students have to present a recent paper, discuss other papers and hand in short written summaries.