CONTEMPORARY ECONOMICS

2016/2017

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COURSE DESCRIPTION

Pre-requisites Economics (adaptive course)

Course Type Compulsory

Abstract

The course is comprised of two parts.

The first part of the course introduces graduate students with the modern microeconomic theory, including some topics in behavioral, institutional and evolutional economics. Most of the topics consider collective actions and various ways to deal with the problems, which arise in collective decision-making.

The second part of the course introduces graduate students with the modern macroeconomic theory and its applications to the analysis of the political and economic issues. Topics include the growth theory and the study of deep causes of comparative development, as well as the analysis of macroeconomic policies, financial markets fluctuations and open macroeconomics.

Learning Objectives

The objectives of the course are:

- to provide students with the knowledge of core concepts and models of economics,
- to develop students' ability to apply economic models to the analysis of specific economic cases
- to provide students with the knowledge of methodological tools and their applications to the analysis of general problems in economics and social sciences.
- to give opportunities to students to apply macroeconomic theory to analysis of up-to-date debates about macroeconomics policies.

LIST OF TOPICS

Part 1. Microeconomics and modelling of the social-economic behavior

1. Open questions in microeconomics: introduction (2 hours)
   Examples of problems which are studied in microeconomics. What problems cannot be described by neoclassical microeconomics.
2. Preferences and behavior (4 hours)


Required reading:
Bowles S., Microeconomics: behavior, institutions and evolution. (Ch. 3)

Additional readings:


3. Game theory (8 hours)

Different approaches to describe collective actions. Nash equilibrium. Cooperative and noncooperative contracts. Problems with classical game theory.

Required reading:
Bowles S., Microeconomics: behavior, institutions and evolution. (Ch. 1)


Additional readings:

4. Coordination failures and institutions (8 hours)

Tragedy of fishers: examples and ways to deal with this problem. Collective production.

Required reading:
Bowles S., Microeconomics: behavior, institutions and evolution. (Ch. 4)

Additional readings:

5. **Distribution: bargaining and rent-seeking. (8 hours)**


**Required reading:**
Bowles S., *Microeconomics: behavior, institutions and evolution*. (Ch. 5)

**Additional readings:**

6. **Postwalrasian paradigm (2 hours)**

Evolutional social science as an alternative to neoclassical economics

**Required reading:**
Bowles S., *Microeconomics: behavior, institutions and evolution*. (Ch. 14)

**Additional readings:**

**Grading**

Final grade for the first part of the course will consist of essay (30%) and final exam (70%)

**Part 2. Macroeconomics and macroeconomic policies**

1. The determinants of long-run economic growth.
2. The deep roots of comparative development.
4. Inflation and monetary policy.
5. Introduction to macroeconomics of financial markets.
6. Economic policies in the open economy.
Part 2. Macroeconomics and macroeconomic policies

1. The determinants of long-run economic growth (8 hours)


Required readings:


Recommended readings:


2. The deep roots of comparative development. (6 hours)

Malthusian, post-Malthusian and modern growth regimes. The mechanisms of transition from stagnation to growth. The role of physical and human capital accumulation in the transition process. Direct and indirect effects of geographical factors on economic development. Effects of institutions on economic performance. Reversals of fortune. Natural states and open access societies. Inequality, power struggle and the transition from stagnation to growth.

Required readings:


Recommended readings:


3. Business cycles and the role of the government. (8 hours)


Required readings:


Snowden, Wein (2005) Modern Macroeconomics: its Origins, Developments and Current State. 1.4-1.6, 2.6-2.8, 2.14

Recommended readings:


4. Inflation and the design of monetary policy. (6 hours)

Required readings:


Recommended readings:


5. Introduction to macroeconomics of financial markets. (6 hours)


Required readings:


**Recommended readings:**


6. **Economic policies in the open economy. (6 hours)**


**Required readings:**


**Recommended literature:**


**Grading System**

The final grade for the second part of the course (Macroeconomics) will consist of:

- participation in the class: 20%
- a research project 30%
- final exam: 50%