

Microfoundations of Macroeconomics

Second year module

Lecturer: Jaideep Roy

This course introduces elementary Game Theory and employs these notions to develop simple microeconomic models to highlight the link between Microeconomics and modern Business Cycle Theory.

Topics such as Inter-temporal Household Behaviour, Macroeconomic Coordination Failure, Wage and Employment Bargaining between Industry and Labour Unions, Job Search and Unemployment, Bank Runs and Financial Crisis, and Rational Expectations and Effective Monetary Policy will be studied in depth and in response to Exogenous Macroeconomic Shocks.

Learning outcomes

On completion of this module students will be able to:

- Demonstrate understanding of the basic theory of intertemporal choice
- Apply this theory to choices of consumption, leisure and work
- Show how these elements can be combined to produce a model that mimics fluctuations in economic variables over the business cycle

Assessment

- 2-hour written examination (80%),
- 1-hour class test at end of first term (20%)