

Macroeconomics

Lecturer: Dali Laxton

Dates: 17.02.2023 – 12.05.2023

Lectures/Seminars: Friday 09:00 – 12:50 (classroom S 311)

Office hours: online on Wednesday 18:00-19:00 per request

Course Objectives

The course is devoted to applications and policy. The major objective of the course is to help students to understand recent developments in Macroeconomics. Over the semester, students will learn stylized facts of business cycle fluctuations, economic growth, inflation and unemployment. Students will become familiar with macroeconomic data and will learn how to construct and use major macroeconomic statistics. We will analyse the issues of the open economy such as gains from trade and implications of different exchange rate regimes. Finally, students will be familiarized with a scope of policies used to improve macroeconomic performance.

The main textbook:

- Mankiw, N.G. *Principles of Economics*. 4th ed. Mason: Thomson Higher Education, 2007. 896 s. ISBN 9780324224726.
- Mankiw, N.G. *Principles of Macroeconomics*.

Pre-requisites

BKE_MAE1, BPE_MAE1, BPE_MAC1 (recommended).

Grading

Midterm exam: 20 %

The midterm exam will take during regular class on **March 24th**. You are not allowed to use any textbook, any notes or electronic devices. There will be no make-up for the midterm exam.

Project presentation: 30 %

You will be asked to write an essay where you will pick a country and describe its current state of the economy using indicators that we have learned during the classes and what was the response of authorities to cope with the pandemic-induced shock. Once the report is finished, you will prepare presentation and will present it during class (more details on that to be provided later during the course).

Final Exam: 30 %

Final exam will take place on **May 12th**. There will be two possible make-up exams for the final exam (dates TBA).

Quick Quizzes 10%

These quizzes will be held every week. The goal is to ensure that the students prepare for the classes regularly. Students, who will write less than 3 quizzes in total, will have to take the final exam at additional 10% weight and this component of grading will be cancelled. During quiz students are not allowed to use any textbook, any notes and help from classmates. Final grade will be decided based on 4 best quiz grades among total submitted quizzes.

Class participation: 10%

The grading will be decided in the end of the course based on the activeness and responsiveness of the students during the classes. Therefore, attending the seminars is essential. Students who have near zero participation will have to take final exam at additional 10% weight and this component of grading will be cancelled.

Grade distribution:

A: 85 – 100

B: 70 - 84

C: 60 – 69

D: 50 – 59

F: 0 – 49

NOTE: The maximum latter grade in make-up exam is **B**.

Outline

Lecture 1. Measuring of Nation's Income (Chapter 10)

Lecture 2. Measuring the Cost of Living (Chapter 11)

Lecture 3. Production and Growth (Chapter 12)

Lecture 4. Saving, investment and the financial system (Chapter 13)

Lecture 5. Unemployment and its natural rate (Chapter 14)

Lecture 6. Money, Monetary System and Inflation (Chapter 15 and 16)

Lecture 7. The Open Economy I (Chapter 17)

Lecture 8. The Open Economy II (Chapter 18)

Lecture 10. The influence of monetary and fiscal policy on aggregate demand (Chapter 20)

Lecture 11. The short-run trade-off between inflation and unemployment (Chapter 21)

Lecture 12. Causes of the financial crisis of 2007-2009.