

Syllabus Fall 2013

Faculty of Social and Economic Studies. Jan Evangelista Purkyně University in Ústí nad Labem.

Course	Macroeconomics II	Start:	24th September, 2013
Lecturer	Dragana Stanišić dragana.stanistic@cerge-ei.cz http://home.cerge-ei.cz/dragana	End:	17th December, 2013
		Time/room:	10am Tuesdays. MN-N4

Description of the course:

Macroeconomics intermediate level presents and analyzes questions related to aggregate demand and supply, and short run fluctuations. Its core is the (simplified) IS-LM model. Within the frames of this model this course analyzes the possible drivers of short run fluctuations. It suggests the policy instruments and regimes that can mitigate those fluctuations. The course also provides examples that map theoretical arguments presented in the class to the current processes in the real world. Upon successful completion of this course, students will be able to better understand the short run functioning of economic systems and to discern the possibilities and limits of economic theories. Students will also be able to employ basic quantitative techniques to model aggregate economic

Assignments and Exams

Midterm Exam	25% (Lecture 8 - during exercise session)
Final Exam	60% (Lecture 13 - during exercise session)
Presentation	20% (Any lecture, except 8 and 13 - during exercise session)
Participation	5%

Midterm and Final Exams

Exams will be composed of multiple choice and open ended questions referring to material covered in class.

Presentations

Students are expected to make a 20 min presentation during semester. Students can do presentation in groups of 2 students. Topics for the presentations can be various: reflections to the material covered in class or some current macroeconomic topic of student's interest. During the first lectures we will agree on the schedule.

Textbooks

Main Textbook(s):

Mankiw, G., N. (2010). Macroeconomics (7th Edition). Worth Publishers.

Student resources are available at bcs.worthpublishers.com/mankiw7

Mankiw, G., N. (2003). Macroeconomics (5th Edition). Worth Publishers.

Student resources are available at bcs.worthpublishers.com/mankiw5

Supplementary Textbooks and Readings:

Ball, L. & Mankiw, G., N. (2011). A new approach to intermediate macroeconomics. Worth

Classes Schedule

Lectures and Exercises : Each lecture is 180 min long (50:50 - Lectures: Exercises)

Lecture 1 24th Sept	Consumption - Keynesian consumption function; Fisher's model; Life cycle hypothesis; Permanent income hypothesis; Random walk; Investment - Business fixed investment; Residential investment; Inventory investments.
Lecture 2 1st Oct	Readings: Chapters 17 and 18 from Mankiw (2010); 16 and 17 from Mankiw (2003)
Lecture 3 8th Oct	Money; Money market; Inflation; Interest rate Readings: Chapters 4 and 19 from Mankiw (2010); 4 and 18 from Mankiw (2003)

Lecture 4 15th Oct	Introduction to economic fluctuations - Aggregate demand and aggregate supply model; Theory of aggregate demand; IS-LM model
Lecture 5 22nd Oct	Readings: Chapters 9 and 10 from Mankiw (2003, 2010)
Lecture 6 29th Oct	Aggregate demand II - Explaining fluctuations with IS-LM model; Changes in fiscal policy; Keynesian multiplier and the crowding out effect; Monetary policy in IS-LM model; IS-LM as a theory of aggregate demand
Lecture 7 5th Nov	Readings: Chapter 11 from Mankiw (2003, 2010)
Lecture 8 12th Nov	The open economy Readings: Chapter 5 from Mankiw (2003, 2010)
Lecture 9 19th Nov	Aggregate demand in an open economy - The Mundell-Fleming model (IS*-LM* version); Efficiency of economic policies under floating and fixed exchange rate regimes; Theory of the interest rate parity; Aggregate Supply - Sticky wage model; Lucas model; Sticky price model: Phillips curve
Lecture 10 26th Nov	Readings: Chapters 12 and 13 from Mankiw (2003, 2010)
Lecture 11 3rd Dec	A dynamic model of aggregate demand and aggregate supply Readings: Chapter 14 from Mankiw (2010); [partly covered in Chapter 19 from Mankiw (2003)]
Lecture 12 10th Dec	
Lecture 13 17th Dec	Stabilization policy Readings: Chapter 15 from Mankiw (2010); Chapter 14 from Mankiw (2003)