

## Syllabus Spring 2014

Faculty of Social and Economics Studies, Jan Evangelista Purkyně University in Usti nad

<b>Course</b>	Macroeconomics II	<b>Start:</b>	10th February
<b>Lecturer</b>	Dragana Stanišić <a href="mailto:dragana.stanistic@cerge-ei.cz">dragana.stanistic@cerge-ei.cz</a> <a href="http://home.cerge-ei.cz/dragana">http://home.cerge-ei.cz/dragana</a>	<b>End:</b>	17th May, 201
		<b>Time/room:</b>	

### Description of the course:

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

### 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

### Presentations

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

### Textbooks

Mankiw, G., N. (2010). Macroeconomics (7th Edition). Worth Publishers.  
Student resources are available at [bcs.worthpublishers.com/mankiw7](http://bcs.worthpublishers.com/mankiw7)  
Mankiw, G., N. (2003). Macroeconomics (5th Edition). Worth Publishers.  
Student resources are available at [bcs.worthpublishers.com/mankiw5](http://bcs.worthpublishers.com/mankiw5)  
Supplementary Textbooks and Readings:  
Ball, L. & Mankiw, G., N. (2011). A new approach to intermediate macroeconomics. Worth Publishers.  
Student resources are available at [worthpublishers.com/Catalog](http://worthpublishers.com/Catalog)

### Classes Schedule

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

<b>Lecture 1</b>	
20th Feb	Consumption - Keynesian consumption function; Fisher's cycle hypothesis; Permanent income hypothesis; Random Investment - Business fixed investment; Residential investment; Inventory investments.
<b>Lecture 2</b>	
27th Feb	Readings: Chapters 17 and 18 from Mankiw (2010); 16 and 17 from Mankiw (2003)
<b>Lecture 3</b>	
6th March	Money; Money market; Inflation; Interest rate Readings: Chapters 4 and 19 from Mankiw (2010); 4 and 5 from Mankiw (2003)

<b>Lecture 4</b> 13th March	Introduction to economic fluctuations - Aggregate demand and aggregate supply model; Theory of aggregate demand; IS-LM model
<b>Lecture 5</b> 20th March	Readings: Chapters 9 and 10 from Mankiw (2003, 2010)
<b>Lecture 6</b> 27th March	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
<b>Lecture 7</b> 3rd April	Readings: Chapter 11 from Mankiw (2003, 2010)
<b>Lecture 8</b> 10th April	The open economy Readings: Chapter 5 from Mankiw (2003, 2010)
<b>Lecture 9</b> 17th April	Aggregate demand in an open economy - The Mundell-Fleming model (IS*-LM* version); Efficiency of economic policies under flexible exchange rate regimes; Theory of the interest rate parity; Aggregate Supply - Sticky wage model; Lucas model; Sticky price model; Phillips curve
<b>Lecture 10</b> 1st May	Readings: Chapters 12 and 13 from Mankiw (2003, 2010)
<b>Lecture 11</b> 8th May	A dynamic model of aggregate demand and aggregate supply Readings: Chapter 14 from Mankiw (2010); [partly covered in Lecture 12]
<b>Lecture 12</b> 15th May	Readings: Chapter 15 from Mankiw (2010); Chapter 14 from Mankiw (2003)
<b>Lecture 13</b> 22nd May	Stabilization policy Readings: Chapter 15 from Mankiw (2010); Chapter 14 from Mankiw (2003)

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Aggregate demand and supply,  
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presents and regimes that can  
arguments presented in the  
course, students will be able  
to see possibilities and limits of  
to model aggregate

Material covered in class.

Students do presentation in groups  
covered in class or some  
free on the schedule.

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**Exercises)**

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