INTERMEDIATE MACROECONOMICS

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| Course code | *ECO129* |
| Compulsory in the programmes | *Economics and Data Analytics, Economics and Politics* |
| Level of studies | *Undergraduate* |
| Number of credits | *6 ECTS (46 in-class hours + 2 consultation hours + 4 exam hours, 110 individual work hours)* |
| Course coordinator (title and name) | *Marius Kušlys* |
| Prerequisites | *Macroeconomics* |
| Language of instruction | *English* |

**THE AIM OF THE COURSE:**

This is a course in intermediate macroeconomics, designated for students with knowledge in economics, mathematics, and econometrics. Its objective is to introduce students to intermediate-level macroeconomic models and theories. The course covers long-run economic growth theories, short-term economic fluctuations, monetary policy models, political-economy theories of fiscal policy. Through this course, students will develop analytical skills to critically assess macroeconomic policies and their impact on national and global economies.

**MAPPING OF COURSE LEVEL LEARNING OUTCOMES (OBJECTIVES) WITH DEGREE LEVEL LEARNING OBJECTIVES (See Annex), ASSESMENT AND TEACHING METHODS**

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| Course level learning outcomes (objectives) | Learning objectives for BSc in Social Science | Assessment methods | Teaching methods |
| CLO1. Analyse and differentiate key macroeconomic theories | ELO1.1. | Midterm exam, group project, final exam | Lectures, individual study, group study |
| CLO2. Apply classical theory to long-run economic analysis | ELO1.1., ELO1.2. | Midterm exam | Lectures, seminars, individual study |
| CLO3. Critically evaluate economic growth theories | ELO1.2. | Midterm exam, group project | Seminars, individual study, group study |
| CLO4. Analyze and interpret theories of short-run economic fluctuations | ELO1.1., ELO1.2. | Final exam, group project | Lectures, seminars, individual study |
| CLO5. Assess economic policy effectiveness | ELO1.1., ELO1.2. | Group project, final exam | Lectures, seminars, individual study, group study |
| CLO6. Model macroeconomic phenomena using algebra, calculus, and graphical methods | ELO1.2. | Midterm exam, final exam | Lectures, seminars, individual study |
| CLO7. Develop research skills in macroeconomics | ELO4.2., ELO4.3. | Group project | Seminars, group study |

**ACADEMIC HONESTY AND INTEGRITY**

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism are fully applicable and will be strictly enforced in the course. Academic dishonesty, and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM remind students that they are expected to adhere and maintain the same academic honesty and integrity that they would in a classroom setting.

**COURSE OUTLINE**

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| **Topic** | **In-class hours** | **Readings** |
| 1. **Introduction. Classical theory: the economy in the long run.** The science of macroeconomics. Determinants of total production, distribution of national income, equilibrium of demand and supply. | 4 | [2] Ch. 1, 2. 3 |
| 1. **Economic growth I.** The Solow growth model (1): introduction, the dynamics of the model, golden rule level of capital. | 4 | [1] Ch. 1.1-1.4  [2] Ch. 8, 9 |
| 1. **Economic growth II.** The Solow growth model (2): quantitative implications, empirical applications. | 4 | [1] Ch. 1.5-1.7 |
| 1. **Economic growth III.** Introduction to endogenous growth theory. | 4 | [1] Ch. 3  [3] Ch. 5, 9 |
| 1. **Economic growth IV.** Cross-country income differences, social infrastructure, the importance of institutions, empirical applications. | 4 | [1] Ch. 4  [4] Ch. 8 |
| **MIDTERM EXAM** | 2 |  |
| 1. **Monetary system and inflation. Introduction to economic fluctuations.** The role of banks and central banks in the monetary system, the quantity theory of money. Introduction to business cycle theory, aggregate demand and supply. Dynamic AS-AD model, policy applications. | 4 | [2] Ch. 4, 5, 10, 15 |
| 1. **Consumption and investment.** Consumption function, intertemporal choice, life-cycle hypothesis, permanent-income hypothesis, random-walk hypothesis, the pull of instant gratification; the determinants of investment, the stock market and Tobin’s q. | 4 | [2] Ch. 19  [1] Ch. 8, 9 |
| 1. **Labour market and unemployment.** Efficiency-wage model, the Shapiro-Stiglitz model. | 4 | [1] Ch. 11  [2] Ch. 7 |
| 1. **Monetary policy.** Introduction to economic policy, optimal monetary policy model, the zero-lower bound. | 4 | [1] Ch. 12  [2] Ch. 16, 18 |
| 1. **Fiscal policy.** Ricardian equivalence,political-economy theories of budget deficits. | 4 | [1] Ch. 13  [2] Ch. 17 |
| 1. **Group analysis presentations** | 6 |  |
|  | **Total: 48 hours** |  |
| CONSULTATIONS | 2 |  |
| FINAL EXAM | 2 |  |

**FINAL GRADE COMPOSITION**

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| **Type of assignment** | **%** |
| *Group Components 30%* |  |
| Group analysis paper and presentation | 30 |
| *Individual Components 70%* |  |
| Midterm exam (topics 1-5) | 35 |
| Final exam (topics 6-10) | 35 |
| **Total:** | **100** |

**DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT**

1. **Midterm and Final Exams.** The midterm examination counts for 35% and the final examination counts for 35% of the final grade. The exams will consist of problems that are based on the material presented in class and required readings related to the topics presented. The exams will cover all theoretical issues presented in this syllabus and discussed or presented in the practice sessions.
2. **Group analysis paper and presentation** counts for 30% of the final grade. Students work in groups of 2 students. The specific tasks will be presented during the first seminar.

Precision of composite evaluations is left intact (up to 2 decimal places) until the end of the course and only the final evaluation will be subject to rounding.

**RETAKE POLICY**

Students who receive a failing final grade shall have the right to re-take the exams, which will comprise **70%** of the final grade and cover all topics of the course. Midterm exam and final exam results will be annulled

**REQUIRED READINGS**

1. Romer, D. (2019). *Advanced Macroeconomics*. Boston: McGraw-Hill.
2. Mankiw, N. G. (2019). *Macroeconomics*. 10th edition. New York: Macmillan International.

**ADDITIONAL READINGS**

1. Jones, C. I., & Vollrath, D. (2013). *Introduction to economic growth* (3rd ed.). W. W. Norton & Company.
2. Acemoglu, D., Laibson, D., & List, J. (2021). Macroeconomics (3rd ed.). Pearson.
3. Gillman, M. (2011). Advanced modern macroeconomics: analysis and application.: Financial Times Prentice Hall, 2011. 604 p. ISBN 9780273726524.
4. Scarth, W. (2014). *Macroeconomics: the development of modern methods for policy analysis*. Cheltenham: Edward Elgar.
5. Sørensen, P. B., & Whitta-Jacobsen, H. J. (2010). *Introducing advanced macroeconomics: Growth and business cycles*. London, Boston: McGraw-Hill.
6. Barro, R. J. (2017). *Intermediate Macroeconomics*, 1st ed. Cengage Learning
7. Acemoglu, D. (2008). *Introduction to Modern Economic Growth*. Princeton University Press

**ANNEX**

**DEGREE LEVEL LEARNING OBJECTIVES**

**Learning objectives for the Bachelor of Business Management**

*Programmes:*

*International Business and Communication,*

*Business Management and Marketing, Finance,*

*Industrial Technology Management*

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| **Learning Goals** | **Learning Objectives** |
| Students will be critical thinkers | BLO1.1. Students will be able to understand core concepts and methods in the business disciplines |
| BLO1.2. Students will be able to conduct a contextual analysis to identify a problem associated with their discipline, to generate managerial options and propose viable solutions |
| Students will be socially responsible in their related discipline | BLO2.1. Students will be knowledgeable about ethics and social responsibility |
| Students will be technology agile | BLO3.1. Students will demonstrate proficiency in common business software packages |
| BLO3.2. Students will be able to make decisions using appropriate IT tools |
| Students will be effective communicators | BLO4.1. Students will be able to communicate reasonably in different settings according to target audience tasks and situations |
| BLO4.2. Students will be able to convey their ideas effectively through an oral presentation |
| BLO4.3. Students will be able to convey their ideas effectively in a written paper |

**Learning objectives for the Bachelor of Social Science**

*Programmes:*

*Economics and Data Analytics,*

*Economics and Politics*

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| **Learning Goals** | **Learning Objectives** |
| Students will be critical thinkers | ELO1.1. Students will be able to understand core concepts and methods in the key economics disciplines |
| ELO1.2. Students will be able to identify underlying assumptions and logical consistency of causal statements |
| Students will have skills to employ economic thought for the common good | ELO2.1.Students will have a keen sense of ethical criteria for practical problem-solving |
| Students will be technology agile | ELO3.1. Students will demonstrate proficiency in common business software packages |
| ELO3.2. Students will be able to make decisions using appropriate IT tools |
| Students will be effective communicators | ELO4.1.Students will be able to communicate reasonably in different settings according to target audience tasks and situations |
| ELO4.2.Students will be able to convey their ideas effectively through an oral presentation |
| ELO4.3. Students will be able to convey their ideas effectively in a written paper |