

MACROECONOMICS

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| Course code | <i>ECO102</i> |
| Compulsory in the programmes | <i>Finance, International Business and Communication</i> |
| Level of studies | <i>Undergraduate</i> |
| Number of credits | <i>6 ECTS (48 in-class hours + 2 consultation hours + 2 exam hours, 110 individual work hours)</i> |
| Course coordinator (title and name) | <i>Marius Kušlys</i> |
| Prerequisites | <i>Principles of Economics, Business and Management</i> |
| Language of instruction | <i>English</i> |

THE AIM OF THE COURSE:

This is a course in macroeconomics, designated for students with knowledge in basic economics. Its objective is to present theoretical knowledge and practical skills required for studying the overall economic structure of a country. Students will know how to analyze the most important macroeconomic phenomena, and the impact of governmental macroeconomic policies on participants in the economy. This course trains skills in comprehension and analysis of macroeconomics policies.

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

| Course level learning outcomes (objectives) | Learning objectives for BSc in Business Management | Learning objectives for BSc in Social Science | Assessment methods | Teaching methods |
|---|--|---|--|---|
| CLO1. Understand the main theories in macroeconomics | BLO1.1., BLO1.2. | ELO1.1., ELO1.2. | Midterm exam, final exam | Lectures, seminars, individual study |
| CLO2. Analyze and model macroeconomic phenomena | BLO1.1. | ELO1.1., ELO1.2., ELO2.1 | Midterm exam, final exam | Lectures, seminars, individual study |
| CLO3. Evaluate governmental fiscal and monetary policy | BLO1.1. | ELO1.2., ELO1.2. | Midterm exam, final exam, group analysis | Lectures, seminars, individual study, group study |
| CLO4. Graphically model macroeconomic situations | BLO1.1. | ELO1.1., ELO1.2. | Midterm exam, final exam | Lectures, seminars, individual study |
| CLO5. Relate real economic experiences to theory | BLO1.2., BLO4.2 | ELO1.2., ELO4.2. | Midterm exam, final exam, group analysis | Lectures, seminars, individual study, group study |
| CLO6. Identify economic situations at the national and global level | BLO1.2., BLO4.2 | ELO1.2., ELO4.2. | Group analysis | Seminars, group study |
| CLO7. Develop researching skills | BLO4.2 | ELO4.2. | Group analysis | 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

| Topic | In-class hours | Readings |
|---|------------------------|--------------|
| Topic 1. Introduction. Subject of Macroeconomics. Macroeconomic Indicators. Questions and problems analyzed by macroeconomists; aims and models of macroeconomics; aggregate output; other major macroeconomic variables; the short run, medium run and long run. | 4 | Ch. 1&2 |
| Topic 2. Economy in the short run. The Goods Market: composition of GDP, demand for goods, equilibrium output. | 4 | Ch. 3 |
| Financial markets: demand for money, determination of interest rate, money creation theories. | 4 | Ch. 4 |
| IS-LM model: goods market and IS relation; financial markets and LM relation; using a policy mix; IS-LM and liquidity trap; monetary and fiscal policy rules and constraints. | 4 | Ch. 5&6 |
| Topic 3. Economy in the medium run. Labor market: wage determination; price determination; natural rate of unemployment. The Phillips curve, natural rate of unemployment, inflation. | 4 | Ch. 7&8 |
| The IS-LM-PC model. Dynamics and the medium run equilibrium. | 4 | Ch. 9 |
| Consultation before midterm exam Midterm exam | 4 | |
| Topic 4. Economy in the long run. Introduction to the Solow growth model: overview of long run economic growth, the dynamics of output and capital, technological progress and growth. | 4 | Ch. 10&11&12 |
| Technology and growth: golden-rule level of capital, the determinants of technological progress, the importance of institutions. | 4 | Ch. 11&12 |
| Topic 5. The Open Economy. Openness in goods and financial markets: export and import, exchange rates, balance of payments, interest rates and exchange rates. The goods market in an open economy. | 4 | Ch. 17&18 |
| The IS-LM model in an open economy. The effects of policy in an open economy. Exchange rate regimes. | 4 | Ch. 19&20 |
| Topic 6. Back to Policy. Fiscal policy and monetary policy. | 4 | Ch. 21&22&23 |
| | Total: 48 hours | |

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| CONSULTATIONS | 2 | |
| FINAL EXAM | 2 | |

FINAL GRADE COMPOSITION

| Type of assignment | % |
|------------------------------|------------|
| <i>Group Components</i> | |
| Group analysis | 20 |
| <i>Individual Components</i> | |
| Midterm exam (topics 1-3) | 40 |
| Final exam (topics 4-6) | 40 |
| Total: | 100 |

DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT

1. **Midterm and Final Exams.** The midterm examination counts for 40% and the final examination counts for 40% 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.** Groups of students will have to perform analysis related to macroeconomics. The group task count for 20% of the final grade. Detailed guidelines and other relevant information will be provided during the course.

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.

Bonus points. The instructor has the right to award active students with up to 0,2 extra (grade) points for active participation during lectures. These "bonus points" will be only be awarded to students whose (rounded) final grade would increase after all.

RETAKE POLICY

Students who receive a failing final grade shall have the right to re-take the exams, which will comprise **80%** of the final grade and cover all topics of the course. Midterm exam and final exam results will be annulled

REQUIRED READINGS

1. Blanchard, O. Amighini, A., Giavazzi, F. (2017). *Macroeconomics: A European Perspective*. 3rd ed. Pearson Education Limited. (main textbook).
2. Additional required readings will be announced during the course.

ADDITIONAL READINGS

1. Blanchard, O. (2017) *Macroeconomics: Global Edition*, 7th edition. Pearson Education Limited.
2. Mankiw, N. G. (2019). *Macroeconomics*. 10th edition. New York: Macmillan International.
3. Mankiw, G. N. & Taylor, M. P. (2017). *Macroeconomics*, 4th ed. Andover: Cengage Learning.
4. Acemoglu, D., Laibson, D., & List, J. (2021). *Macroeconomics* (3rd ed.). Pearson.
5. Jones, C. I. (2024). *Macroeconomics* (6th ed.). W. W. Norton & Company.
6. Jones, C. I., & Vollrath, D. (2024). *Introduction to economic growth* (4th ed.). W. W. Norton & Company.
7. Mitchell, W., Wray, L. R., & Watts, M. (2019). *Macroeconomics*. Bloomsbury Publishing.
8. Scarth, W. (2014). *Macroeconomics: the development of modern methods for policy analysis*. Cheltenham: Edward Elgar.

9. Sørensen, P. B., & Whitta-Jacobsen, H. J. (2010). *Introducing advanced macroeconomics: Growth and business cycles*. London, Boston: McGraw-Hill.
10. Godley, W. & Lavoie, M. (2012). *Monetary economics: an integrated approach to credit, money, income, production and wealth*, 2nd ed. Basingstoke: Palgrave Macmillan.

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

| 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 |
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| 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

| 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 |