



## MACROECONOMICS

<b>Course code</b>	<i>ECO102</i>
<b>Course title</b>	<i>Macroeconomics</i>
<b>Type of course</b>	<i>Main</i>
<b>Study level</b>	<i>1<sup>st</sup></i>
<b>Department</b>	<i>Bachelor studies</i>
<b>Year of study</b>	<i>2<sup>nd</sup></i>
<b>Semester</b>	<i>Autumn</i>
<b>ECTS credits</b>	<i>6: 24 hours of lectures, 24 hours of seminars, 112 hours of self-study, 2 hours of consultations</i>
<b>Lecturer</b>	<i>Kristina Griškevičienė</i>
<b>Study form</b>	<i>Full-time</i>
<b>Prerequisites</b>	-
<b>Language</b>	<i>English</i>

### Annotation

The contents of the Macroeconomics course cover the basic objectives of macroeconomics, and an understanding about basic macroeconomic indicators – gross national product, gross domestic product, and national income. Topics under discussion in this course include aggregate demand and supply, Keynesian and classic views on aggregate amounts, monetary and fiscal policies, unemployment and inflation, economic growth, and issues in international trade. The major macroeconomic problems of Lithuania and EU will be discussed for the practical part of the class.

### Aim of the course

This is a course in intermediate 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.

<b>Subject Learning Outcome (SLO)</b>	<b>Study methods</b>	<b>Assessment methods</b>
SLO1. Understand the main theories in macroeconomics	Lectures, seminars, individual study, group study	Midterm test, practical group tasks, final exam
SLO2. Analyze and model macroeconomic phenomena	Lectures, seminars, individual study, group study	Midterm test, practical group tasks, final exam
SLO3. Evaluate governmental fiscal and monetary policy	Lectures, seminars, individual study, group study	Midterm test, practical group tasks, final exam
SLO4. Graphically model macroeconomic situations	Lectures, seminars, individual study, group study	Midterm test, practical group tasks, final exam
SLO5. Relate real economic experiences to theory	Lectures, seminars, individual study, group study	Midterm test, practical group tasks, final exam
SLO6. Identify economic situations at the national and global level	Lectures, seminars, individual study, group study	Midterm test, practical group tasks, final exam
SLO7. Develop researching skills	Seminars, group study	Practical group tasks

### Teaching and learning methods

The course is organized as a combination of lectures, practical tasks (problem solving), individual student and team activities in analyzing the macroeconomic situations of Lithuania and other countries, discussions.



## Course contents

Week Number	Topics	In-class hours		Readings
		Theory	Practice	
1.	<b>Topic 1. Introduction.</b> <b>Subject of Macroeconomics. Macroeconomic Indicators</b> 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.	2	2	Ch. 1&2
2 – 4	<b>Topic 2. Economy in the short run:</b> <b>Goods and Financial Markets</b> Demand for goods; Equilibrium output; Role of fiscal policy; High debt; Demand for money; Money supply and monetary policy. <b>IS-LM model</b> 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	6	6	Ch. 3&4&5
5 – 6	<b>Topic 3. Economy in the medium run:</b> <b>Labor market.</b> Wage determination; Price determination; Natural rate of unemployment <b>AS-AD model.</b> Aggregate supply; Aggregate demand; Equilibrium in the short and in the medium run; The effects of economic policy. <b>The Phillips curve, natural rate of unemployment, inflation</b> Output, unemployment and inflation; Phillips curve; High inflation	4	4	Ch. 6&7&8
7.	<b>Midterm test (topics 1 – 3)</b>	2	2	
8 – 9	<b>Topic 4. Economy in the long run:</b> <b>Economy growth</b> Standard of living; Output and capital; Saving rate; Solow growth model; Technological progress and growth <b>Technological progress: the short, the medium, and the long run</b>	4	4	Ch. 10&11&12&13
10.	<b>Topic 5. Expectations: the Basic Tools</b> Nominal versus real interest rate; Money growth, Inflation, Expected present discounted values	2	2	Ch. 14
11.	<b>Topic 6. Open economy:</b> Economic policy in an open economy; Exchange rate regimes	2	2	Ch. 18&20&21
12.	<b>Topic 7. Back to policy:</b> Fiscal Policy & Monetary Policy	2	2	Ch. 22&23&24
	<b>Total hours:</b>	24	24	

\*additional readings might be provided during the course

## Assessment methods

Type	Self-study hours	Final grade, %
Midterm test (Topics 1-3)	42	35
Group analysis of practical tasks	24	20
Final exam (Topic 1-7)	44	45
Consultations	2	
<b>Total:</b>	<b>112</b>	<b>100</b>

## Course requirements

1. **Mid-term and Final Exams.** The midterm examination counts for 35% and the final examination counts for 45% of the final grade. The exams will consist of problems, multiple-choice and open answer questions 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 tasks count for 20% of the final grade. Detailed guidelines and other relevant information will be provided during the course.
3. **Re-take of the exam.** Students who receive a failing final grade shall have the right to re-take the exams during the re-sit week, which will comprise **80%** of the final grade. The individual/group assignments cannot be resubmitted at a later time.

### Required readings

1. Blanchard, O. Johnson, R. (2013). *Macroeconomics: Global Edition*, 6th ed. London: Pearson Prentice Hall. (main textbook)

### Recommended readings

2. Blanchard, O. Amighini, A., Giavazzi, F. (2011). *Macroeconomics: A European Perspective*. Pearson Education Limited.
3. Blanchard, O. (2007). *Makroekonomika*. Vilnius: Tyto alba. (199 items in ISM library) (Lithuanian translation of 4th ed.)
4. Mankiw, G. N. (2007). *Macroeconomics*, 6th edition. New York: Worth Publishers. (5 items in ISM library) (alternative textbook)

### Other readings

5. Snieška, V. ir kt. (2006). *Makroekonomika*. Kaunas: Technologija. (1 item in ISM library)
6. Wonnacott, P., Wonnacott, R. (1994). *Makroekonomika*. Kaunas: Litterae universitatis. (12 items in ISM library)
7. Lydeka, Z. (2003). *Makroekonomika*. Paskaitų konspekto elektroninė versija. Kaunas: ISM.
8. Gärtner, M. (2003). *Macroeconomics*. Harlow: Prentice Hall. (1 item in ISM library)
9. Samuelson, P. A., Nordhaus, W. D. (2001). *Economics*, 17th ed. New York: McGraw-Hill. (1 item in ISM library)
10. Begg, D. ir kt. (2001). *Foundations of Economics*. London: The McGraw-Hill. (1 item in ISM library)
11. Romer, D. (2006). *Advanced Macroeconomics*. Boston: McGraw-Hill. (1 item in ISM library)
12. Heilbroner, R. L. (1999). *The Worldly Philosophers: The Lives, Times, and Ideas of Great Economic Thinkers*. New York: Touchstone. (2 items in ISM library) (history of economic thought, leisure reading)
13. Heilbroner, R. L. (1995). *Didieji ekonomistai*. Vilnius: Amžius. (1 item in ISM library) (Lithuanian translation)