



COURSE UNIT (MODULE) DESCRIPTION

Course unit (module) title	Code
Economic Theory II	

Academic staff	Core academic unit(s)
Coordinator: Dr. Žymantas Budrys Other(s): Dr. Anup Mulay	Faculty of Economics and Business Administration

Study cycle	Type of the course unit
First (Bachelor's)	Compulsory

Mode of delivery	Semester or period when it is delivered	Language of instruction
Face-to-face	Semester 4	English

Requisites	
Prerequisites: Principles of Economics	Co-requisites (if relevant):

Number of ECTS credits allocated	Student's workload (total)	Contact hours	Individual work
10	260	72	188

Purpose of the course unit

The purpose of the course is to develop a consistent way of thinking about key macroeconomic phenomena. The course will discuss the key events and current policy debates that are shaping the world economy as well as the role of policy actions. A variety of examples are included to illustrate the way that these models can be applied and tested.

Learning outcomes of the course unit (corresponding learning outcomes of the program)	Teaching methods	Assessment methods
Have acquired knowledge in main macroeconomic concepts and ideas and are able to apply them when analyzing economic problems. (1.1)	Lectures and lecture notes, tutorials, class-room discussion.	Six quizzes delivered at the tutorials (30%) Mid-term exam (35%) Final exam (35%) Alternatively (only if this benefits the student, and after all tasks have been completed): Mid-term exam (50%) Final exam (50%)
Appreciate assumptions and limitations of macroeconomic models when they are applied to the real-world problems. (3.1)	Lectures and lecture notes, tutorials.	
Competence in using macroeconomic methods and interpreting economic models. (3.2)	Reading academic literature, tutorials with exercises and problem sets.	
Critically evaluate economic policy suggestions in the real-world situations. (3.3)	Reading policy papers and professional press, lectures and tutorials.	
Familiarity with the key statistical sources for macroeconomic indicators, ability to analyze and interpret them methodically. (3.4)		
Construct logical and coherent arguments using economic concepts and develop economic thinking, as well as communicate ideas in a clear manner through written, graphical, and oral forms. (4.2)	Home assignment and presentations in tutorials.	

Content	Contact / Individual work: time and assignments
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	Lectures	Tutorials	Seminars	Workshops	Laboratory work	Internship	Contact hours, total	Individual work	Tasks for individual work
MACROECONOMIC PART 1									
1) Introduction: What is a Model? Brief History of Macroeconomic Thought	1						1	8	
2) Long Run: Solow Model, basic and augmented	2	4					6	16	
3) Long Run: Overlapping Generations models	2	4					6	16	Problem set 1 Garin, Lester and Sims chapters 5,6,8
4) Microfoundations: Dynamic Consumption-Savings Model	3	6					9	20	
5) Microfoundations: Endowment Economy, Production Labour Demand Investment and Labour Supply	2	5					7	16	Problem set 2 Garin, Lester and Sims chapters 9-11
6) Fiscal Policy, Money and Equilibrium Efficiency	2	5					7	18	
									Midterm exam Focus on Garin Lester and Sims chapters 1 - 16
Total Part 1	12	24					36	94	
MACROECONOMIC PART 2									
8) Medium Run: Neoclassical Model	4	2					6	16	
9) Medium Run: Money, Inflation and Interest Rates	4	2					6	16	Problem set 3 Garin, Lester and Sims chapters 17-18
10) Medium Run: Open Economy Neoclassical Model	4	2					6	16	
11) Short Run: IS-LM-AD	2	1					3	8	Problem set 4 Garin, Lester and Sims chapter 21-22
12) Short Run: New Keynesian Model	4	2					6	16	
13) Dynamics in the New Keynesian Model	2	1					3	8	Problem set 5 Garin, Lester and Sims chapters 26
14) Monetary Policy in the New Keynesian Model, the Zero Lower Bound	4	2					6	14	
Total Part 2	24	12					36	94	

Assessment strategy	Weight %	Deadline	Assessment criteria
Midterm exam	35%	Middle of the semester	The midterm exam will consist of both longer open questions in which students have to show their analytical capabilities and of shorter questions simply testing students' knowledge. The

			midterm exam will test the material from the first half of the course.
Final exam	35%	End of the semester	The final exam will consist of both longer open questions in which students have to show their analytical capabilities and of shorter questions simply testing students' knowledge. The final exam will test the material from the second part of the course.
Quizzes	30%	Six quizzes, each at the start of a tutorial	The quizzes will consist of multiple-choice questions covering key concepts. They will provide an insurance opportunity for students, since the final grade will be the max. of (50% midterm and 50% final) or (35% midterm, 35% final, and 30% quizzes).

Author (-s)	Publishing year	Title	Issue no. or volume	Publishing house or web link
Required reading				
Lecture notes and slides as well as online resources will be made available to all students.				
Julio Garin, Robert Lester and Eric Sims	2018	Intermediate Macroeconomics		http://juliogarin.com/files/textbook/GLS_Intermediate_Macro.pdf
Recommended reading				
Wendy Carlin and David Soskice	2014	Macroeconomics: Institutions, Instability, and the Financial System		Oxford University Press
Jordi Gali	2015	Monetary Policy, Inflation, and the Business Cycle (2 nd Ed)		Princeton University Press