

Syllabus



Course title	Principles of Macroeconomics
Instructor	Prof Zsofia Barany, Ph.D. and Prof Julius Horvath, Ph.D.
Email	baranyzs@ceu.edu , horvathj@ceu.edu ,
Office hours	by appointment
Credits	4 US credits (8 ECTS credits)
Module	
Term	Winter, 2021-2021
Course level	Bachelor's
Prerequisites	No special pre-requisites are required.
Course drop	

1. COURSE DESCRIPTION This is an introductory course in macroeconomics, which builds on the concepts covered in an introductory microeconomics course.

Content The course begins with providing a broad picture of the economy from a global and historical perspective. Then it continues with issues of economic decision making and economic relationships. First, it discusses the labor market with topics such as wage setting. The discussion of credit markets follows, including the questions of consumption smoothing, money, and banking. The course continues with discussing economic fluctuations and aggregate demand, investment volatility, and measuring the aggregate economy. This course also covers fiscal policy, multipliers, demand shocks, the Phillips curve, expectations and supply shocks, and exchange rates. We also discuss technological change and employment, the aggregate production function, productivity growth, job destruction, job creation, and essential institutions influencing macro-economic behavior. Finally, we cover questions of living standards and employment. We end with discussing reasons for different types of crises (such as the Great Depression and the Recent Global Financial Crisis), questions of inequality, and the relationship between the national and the world economy.

2. LEARNING OUTCOMES Students will learn to understand and be able to use basic macroeconomic terminology. Students will also understand the basics of how the economy works at the aggregate level and how macroeconomic variables are related. Students will also be able to read and interpret the empirical information in macroeconomic data, graphical displays, and tables.

Key outcomes. Students will be able to analyze the sources of long-term prosperity and the factors contributing to long-term economic growth. Moreover, they will get insights into analyzing the causes of short-term economic fluctuations and the mechanism of “fixing” the economy to restore full employment (low unemployment) and low inflation. Students will also analyze the emergence and effects of the rising national debt, other political economy phenomena, current international macroeconomic issues, and policy debates. Also, students will distinguish between aspects of normative and positive economics and comprehend the limits of economic analysis.

Other outcomes. The course will also help develop skills in the following areas.

Learning Area	Learning Outcome
Critical Thinking	Students will develop the skills necessary to evaluate the basic ideas in macroeconomics. They will be able to effectively evaluate information and be critical about its sources. Students will attempt to use the essential skills of deductive and inductive argument in analysis and evaluation.

	They will begin applying an economic way of thinking towards everyday societal macro-economic issues and begin to evaluate specific macroeconomic policy proposals.
Quantitative Reasoning	The CORE textbook is demanding concerning quantitative reasoning, i.e., students will be exposed to the ability to process data and interpret it efficiently. Students will use logical reasoning and simple techniques, as graphs, figures, tables, logarithmic scales, and similar, to understand macroeconomic problems. Students will begin to be involved in using and understanding simple empirical evidence concerning macroeconomic issues.
Technology Skills	Students will be able to communicate information using appropriate tools and digital technology. Students will utilize information and skills appropriate to economic and interdisciplinary studies. Students will be exposed to essential electronic databases and be initiated into accessing and possibly downloading electronic macroeconomic databases.
Interpersonal Communication Skills	Oral and interpersonal communication is the use of language and speech to transmit messages. Students will be exposed to alternative strategies of communication for various audiences. They should be able to evaluate ethical issues that arise from communicating with others as well as utilize effective oral and interpersonal presentation strategies and methods. Students will also be exposed to the rhetorical qualities of the discipline of economics.
Management Knowledge and Skills	Knowledge and skills obtained in the course might help in other economics courses. Students will develop skills, which will allow them to participate in discussions concerning macroeconomic issues. The obtained skills involve: an ability to present economic arguments in qualitative form and in a preliminary quantitative form. Also, students should be able to synthesize the arguments found in the macroeconomics course with presentations in popular economic media. In the classroom, students will be invited to discuss macroeconomic concepts articulately.
Cultural Sensitivity and Diversity	In the course, we attempt to present views through the lens of various perspectives. Students will be exposed to influences that shape the diversities in the global macroeconomic world. They will develop an awareness of contemporary issues in the global world and examine multiple perspectives from diverse viewpoints. Students will be exposed to different and alternative views on macroeconomic developments.
Ethics and Social Responsibility	Students will identify ethical issues within current events. They will be encouraged to present their own ethical position concerning problems, norms, or values. Also, they will compare different ethical positions in relation to global problems and controversies. Moreover, they will be exposed to professional, ethical codes of behavior.

3. READING LIST

We will follow the CORE text available on the internet. <https://core-econ.org/the-economy/?lang=en>. Students are encouraged to buy the textbook but can also opt to use the text which is available online. The book was written by the CORE Team and was published by the Oxford University Press in 2017.

The CORE text is used at some schools such as Sciences Po, Paris, or the Middlebury College as a first course to macroeconomics. In this course we will cover the following units from the CORE text:
Unit 1, pp. 1-41. (Capitalist Revolution, an Overview of Issues). This provides the *big picture* of the global economy.

Unit 2, pp. 43-85. (Technology, Population, and Growth).

Unit 9, pp. 359-405. (The Labor Market: Wages, Profits, and Unemployment).

Unit 10, pp. 407-453. (Banks, Money, and the Credit Market). Consumption smoothing, borrowing and lending; money and banks.

Unit 13, pp. 543-584. (Economic Fluctuations and Unemployment). Investment volatility, coordination, measuring the aggregate economy.

Unit 14, pp. 585-637. (Unemployment and Fiscal Policy). Components of aggregate demand, multiplier, demand shocks, government finance, fiscal policy.

Unit 15, pp. 639-689. (Inflation, Unemployment, and Monetary Policy). Phillips curve, expectations and supply shocks, inflation, transmission mechanism, exchange rates.

Unit 17, pp. 741-792. (Great Depression, Golden Age, and Global Financial Crisis)

Unit 18, pp. 793-841. (The Nation and the World Economy). Globalization – trade, migration, and investment.

Unit 19 (Inequality), pp. 843-900. Inequality across the world and over time.

Pages follow the printed edition of the textbook.

4. TEACHING METHOD AND LEARNING ACTIVITIES

The course will involve a mix of specific learning objectives, which will be achieved through direct lectures, discussions, homework, quizzes, midterm, and final exams.

Note that we will use the ceulearning.ceu.edu site. Students will have access to a text in the course using the learning site of the university. Readings will be provided to the students with a small guide to help them focus as they engage with the text.

The material will be taught traditionally, with the substantive theory in each unit delivered through lectures and reinforced with problems and exercises, including homework. The traditional lectures will be complemented by interactive sessions, which include solving the problems and general discussions. Students will be assigned readings and homework, which could form the basis for a discussion. Also, the importance of real-world macroeconomic stories should not be under-emphasized. Students will be encouraged to read the narratives and historical cases outside class and to think about macroeconomic issues outside the course.

5. ASSESSMENT

Grading will be based on a total score of 100, in line with CEU's standard grading guidelines. The first six weeks provide a maximum of 50%. The second six weeks offer another 50%, at most.

Presence in class 10%; homework 10%, quizzes 10%; midterm exam 35%; final exam (non-cumulative) 35%. Extra credit might be given for constructive classroom discussion. Only the quiz with the best result is considered in both parts of the course, i.e., two quizzes in total.

6. TECHNICAL REQUIREMENTS

There are no special technical requirements.

7. TOPIC OUTLINE AND SCHEDULE

Week	Topics	Reading Units
1	Introduction to Macroeconomics: Thinking Like an Economist	Unit 1
2	Long-term Growth	Unit2
3	Labor Market, Banks, Money and the Credit Market Quiz 1	Unit 9, 10
4	Economic fluctuations and Unemployment Homework 1	Unit 13
5	Unemployment and Fiscal Policy Quiz 2	Unit 14
6	Review and Midterm Exam	
7	Inflation, Unemployment and Monetary Policy	Unit 15
8	Technological Progress, Employment and Living Standards in the Long-Run	Unit 16
9	Great Depression, Golden Age, Global Financial Crisis Quiz 3	Unit 17
10	The Nation and the World Economy Homework 2	Unit 18
11	Inequality Quiz 4	Unit 19
12	Review and Final Exam	

8. SHORT BIO OF THE INSTRUCTORS

Barany Zsofia is an Associate Professor at the Department of Economics and Business. She received her Ph.D. in Economics from the London School of Economics in 2011. Previously, Zsofia was at the faculty of Sciences Po, Paris. Additionally, she is a Research Affiliate at the Center for Economic Policy Research in London, where she concentrates on macroeconomic issues. Furthermore, she is a Research Fellow at the Research Centre for Education and the Labor Market. Zsofia has published, among others, in the Journal of Labor Economics, American Economic Journal: Macroeconomics, Review of Economic Dynamics.

Julius Horvath is Professor and the former Head of CEU Department of Economics and Business, the former Dean of CEU Business School, and the former Head of the Department of International Relations and European Studies. He has been CEU full Professor since 2005 and Hungarian University Professor (Egyetemi Tanár) since 2009. He has been a member of Academia Europea since 2016 and a Council member of the European Society for History of Economic Thought. His primary interest lies in

international economic policy issues, the political economy of monetary relations, and the history of economic thought. At CEU, he teaches courses on Global Economy: Emergence and Issues, History of Economic Thought, International Economic Policy, Political Economy of International Money, Macroeconomics for EMBA, and Principles of Macroeconomics. He has published in journals as *Journal of Comparative Economics*, *Contemporary Economic Policy*, *Applied Economics*, *Economic Systems*, *Journal of Economic Development*, *Journal of Quantitative Economics*, *Journal of Economic Integration*, *Nationalities Papers*, *Journal of Economic Interaction and Coordination*. He was a Member of the Slovak and Czech Accreditation Committees, the Chair of the Slovak Economic Association. He recently published a book on the history of economic thought in Central Europe at Palgrave Macmillan.