

Course title		Macroeconomics				ECTS code		14.3.EM.PZ.139			
						ECTS credits		8			
Name of unit administrating study		KMakr	Field of study		MSG**	Field of specialisation		IB;			
Teaching staff		Jacek Zaucha, Associate Professor ; Przemysław Kulawczuk, Associate Professor ; Paulina Szulc-Fischer, Msc									
Number of hours											
Lectures	30	Classes	30	Tutorials	0	Laboratory	0	Seminars	0	Language classes	0
Forma aktywności						Year&Type of studies*		1 SS1,			
Hours with the participation of the academic teacher (including office hours, exams, others):						Semester:		1,			
Hours without the participation of the academic teacher (student's self-study, homeworks):						Type of course:		obligatory			
Total number of hours:						0		Language of instruction:		English	
Teaching form		in-class learning									
Teaching methods		Lectures including multimodal presentations, Activating methods in training classes, Collaborating, group activities, Case studies, Didactic games, Discussion, questioning,									
Prerequisites (required courses and introductory requirements)											
Required courses		No prerequisites									
Introductory requirements		Microeconomcis basic command									
Assessment method, forms and criteria											
Assessment method		Exam									
Assessment criteria		<p>Exam is a multiple choice test. You are given one point for each correct answer. The points are translated into conventional grades using the following algorithm</p> <p>51-60% satisfactory (3) 61-70% satisfactory plus (3,5) 71-80% good (4) 82-90% good plus (4+) 91-100% very good (5)</p> <p>During the precept you can earn up to 100 points for the following: 40% test 30% pp presentation on key macroeconomic issues related to growth 30% active participation in debate</p> <p>Rules for grading based on percentage of points earned: 51-60% satisfactory (3) 61-70% satisfactory plus (3,5) 71-80% good (4) 81-90% good plus (4+) 91-100% very good (5)</p> <p>Rules for grading the test: There are 40 questions. You are given one point for each correct answer .</p> <p>Rules for grading debate: You can receive up to 20 points for the preparation to debate (team work of your group) You can receive up to 10 points for quality of your own interventions during the debate</p> <p>Rules for grading presentation: You can score maximum 30 points. The way of earning points are given in the table below.</p> <p>Content of the presentation 0-15 Design (visual impression out of the presentation)- communication skills 0-5 Delivery (group work) 0-5 Discussion after presentation (attention of the listeners)- skills to activate the others</p>									

		0-5									
Course objectives											
The aim is to equip students with the basic knowledge, skills and key competences in the field of macroeconomics.											
Learning outcomes											
Knowledge	MSG1_W01	Student has fundamental knowledge in the field of economics and its significance in the system of sciences, including related disciplines of science									
	MSG1_W05	Student knows economic connections and governing regularities, including principles of market functioning and market mechanism in domestic and international aspect									
	MSG1_W10	Student has fundamental knowledge about world economy and international business relations, process of their evolution, their causes and consequences									
	MSG1_W11	Student has knowledge about views on structures and processes of structure changes and economic institutions (in particular these which function on international market), about causes, course, scale and consequences of these changes									
Verification of learning outcomes - Knowledge											
Outcomes	written exam	oral exam	test	essay/paper /portfolio	tasks/ homeworks	individual presentation	group presentation	classroom activities	classroom discussion	individual project	group project
MSG1_W01	X		X						X		
MSG1_W05	X		X						X		
MSG1_W10	X		X				X		X		
MSG1_W11	X		X				X		X		
Skills	MSG1_U01	Student interprets economic phenomena correctly, analyzes causes and the course of economic processes using standard tools applied in economics									
	MSG1_U03	Student interprets fundamental problems and processes of contemporary world economy, their causes and course									
	MSG1_U04	Student observes and analyzes basic economic processes taking place in open economy, interprets necessary statistical data and economic indicators, as well as forecasts economic processes and phenomena using standard methods and tools applied in economics									
	MSG1_U13	Student presents own opinion supporting it with arguments based on selected theories, views of various authors and/or statistical data									
Verification of learning outcomes - Skills											
Outcomes	written exam	oral exam	test	essay/paper /portfolio	tasks/ homeworks	individual presentation	group presentation	classroom activities	classroom discussion	individual project	group project
MSG1_U01			X						X		
MSG1_U03			X				X		X		
MSG1_U04			X				X		X		
MSG1_U13							X		X		
Attitudes	MSG1_K06	Student thinks and acts in resourceful way									
Verification of learning outcomes - Attitudes											
Outcomes	written exam	oral exam	test	essay/paper /portfolio	tasks/ homeworks	individual presentation	group presentation	classroom activities	classroom discussion	individual project	group project

MSG1_K06							X		X		
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Course contents

1. Introduction to macroeconomics

- The essence of the macroeconomics its scope and coverage
- Relations between micro and macroeconomics
- Macroeconomics and economic policy
- Main fields of interest of macroeconomics: unemployment, inflation, economic equilibrium, economic growth,.
- Macroeconomic supply and demand
- How market regulates macro-issues
- The crisis of economic thought. What can be and what cannot be solved by macroeconomics.

2. Circular flow

- Circular flows
- Aggregative demand and supply - AD and SAS curves.
- The equilibrium national income and price levels
- Saving as a leakage from the circular flow, investments as an injection into the circular flow
- Maintaining the equilibrium income level
- Say theorem
- The origin of macroeconomics - Keynesian revolution
- Basic macroeconomics model - classical and Keynesian ones.
- Keynesian objections to the classical theory of interest rates

3. Measurement of the macroeconomy: national income accounts

- Gross National Product
- National Income
- Purchasing Power Parity
- Shortcomings of GNP as an indicator of welfare, level of living and quality of life
- Unemployment rate
- The Consumer Price Index
- Real and nominal GNP

4. Introduction to macroeconomic problems - in touch with real macroeconomy

- Inflation (types and mechanisms)
- Costs and benefits of inflation
- Inflation in Poland 1999-2008 and in other EU countries
- Labour market and its equilibrium
- Unemployment (types and mechanisms)
- Unemployment rate in Poland 1999-2008 and in other EU countries

5. GNP fluctuations

- Business cycles versus growth and development
- Measuring business activity level and general economic activity level (leading economic indicators)
- Morphology of a business cycle
- Business cycles - the historical record
- The cyclical behaviour of economic variables
- Great Depression - why it has happened
- Economic growth in the chosen countries - a dynamic and spatial perspective

6. Keynesian perspective

- Prices and wages adjustments in a short run, wage and price rigidities
- Money illusion
- The total spending approach to income equilibrium, planned investments and savings
- The multiplier and multiplication processes
- Paradox of thrift - why consumption is always welcome, why savings is not a virtue?

7. Keynesian fiscal policy

- Government as an economic agent
- Fiscal policy according the Keynesian model
- Pros and cons of deficit spending
- Fiscal policy in the context of the business cycle
- The budget deficit, national savings and the real interest rate

8. Government spending and its financing

- The government budget some facts and figures
- Government outlays
- Taxes
- Public goods and externalities
- Deficits and Debt
- The burden of the government debt on future generations
- Laffer curve
- Departures from Ricardian equivalence
- Deficit and inflation

9. The meaning and creation of money,

- The meaning of money and its functions
- Barter

- History of money: commodity money, gold standard, fiat money
- Creation of money
- 10. Monetary policy**
- Demand for money
- Money stock
- Banking system
- Control of the money stock by the central bank, monetary policy
- A monetary explanation of inflation and deflation, the equation of exchange
- 11. Economic impact of fiscal and monetary policies in a short run (SAS-AD)**
- Monetary policy from the Keynesian perspective - liquidity trap
- The effect of a change in price level on interest rate
- The effect of a change in price level on real wealth
- The size effect of a change in price level
- Changes in aggregate demand
- Short run aggregate supply
- The real effect of expansionary fiscal and monetary policies
- 12. Macroeconomic equilibrium**
- Classical model of labour market,
- Long-term aggregate supply curve LAS (the full employment line)
- Budgetary policy in the classical model- full crowding out effect
- Monetary policy in the classical model
- Neutrality of money
- Adverse economic shocks.
- Cold turkey versus gradualism
- The importance of credibility
- 13. Alternative views of the macroeconomy**
- The Monetarist view of unemployment and inflation
- The Monetarist view of high interest rate
- The monetarist view of deficits
- The importance of stable rate of monetary growth
- Tax rates and supply side incentives
- The Expectations in Keynesian theory
- Rational expectations
- Consumption and savings the present versus the future,
- The life cycle model,
- Temporary versus permanent shocks
- 14. Alternative views of the macroeconomic policies**
- The Classical school
- The Keynesian School
- The Monetarist School
- The supply side school
- The rational expectations school
- Market-clearing models by Barro with strong microeconomic foundations
- Common ground among theories

Recommended reading lists

Main text book:

Samuelson P.A., W.D Nordhaus, Economics, McGraw-Hill/Irwin, international edition, edition 18, 2005; Chapters 1,2,3,20,21,22,23,24,25,26,,27,31,32,33,34

Mansfield E., Essential macroeconomics, principles, cases, problems, W.W. Norton & Company, 1998, chapters 1,2,3,4,5,6,7,9,10,11,12,14

McKenzie R.B., Economics, Houghton Mifflin Company, 1986, Chapters: 1,4,5,6,7,8,9, 10,11,12,13,14,15,16,,30,

Additional reading:

Abel A.B., B.S Bernanke., 2005, Macroeconomics, Addison Wesley, Boston, edition V

Barro R., 1997, Macroeconomics, MIT Press, Cambridge MA

Begg D., S. Fischer, R. Dornbusch, 1991, McGraw-Hill Book Company, London

Burda M., Ch. Wyplosz, 2005, Macroeconomics: a European text, Oxford University Press, Oxford

Zaucha J., 1999, Regional and Local Development in Poland, in: Emil J. Kirchner (ed) "Decentralization and Transition in the Visegrad", MacMillan Press LTD, London

Contact

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* SS1- undergraduate studies * SS2 - graduate studies * SDang - doctoral studies

** MSG - International Economic Relations