

ECONOMICS 2

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Course Material Developed by Department of Economics,
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Syllabus

Evaluation:

Written exam

Course content:

The course starts with the introduction of basic macroeconomic concepts. We discuss the concepts of economic model, endogenous and exogenous variables. Then we discuss the main properties of the basic macroeconomic indicators (GDP, inflation, unemployment). We elaborate the theory of short term economic fluctuations. The next few lectures deal with the aggregate demand model based on the IS–LM system, and with the policy implications of this model. Then we analyze the theory of the Phillips-curve and of the aggregate supply. We discuss how the various economic policy schools approach the tools of fiscal and monetary policy. We summarize the advantages and disadvantages of active and passive, discretionary and rule based policies. Finally we become familiar with the basic idea of micro based macroeconomics, and within this framework we discuss the consumption theory in some details.

Textbook:

- N. Gregory Mankiw: Macroeconomics

Weekly schedule:

Week 1: Why should we learn macroeconomics? (Mankiw 1, 2)

Week 2: GDP: production, distribution, consumption (Mankiw 3)

Week 3: Unemployment (Mankiw 5)

Week 4: Money and inflation (Mankiw 6, 18)

Week 5: The open economy (Mankiw 7)

Week 6: The economy in the short run (Mankiw 8)

Week 7: Aggregate demand 1 (Mankiw 9)

Week 8: Aggregate demand 2 (Mankiw 10)

Week 9: Aggregate demand in the open economy (Mankiw 11)

Week 10: Aggregate supply (Mankiw 12)

Week 11: Discussion on economic policy (Mankiw 13)

Week 12: Consumption (Mankiw 15)

Week 13: Summary and further issues