Macroeconomics  
(ECO 1012e)  

Syllabus  

Summer Term 2020  

Weekly hours: 4  
ECTS-Credits: 5  
Workload: 150 hours, 60 hours within class, 90 for self-study  
Time: Wednesday 19:00 – 20:30  
Thursday 15:30 – 17:00  
Begin: 18.03.2020  
End: 02.07.2020  
Level: Advanced  
Prerequisites: Basic knowledge in Microeconomics  

Teaching and Learning Approach:  

Due to the current postponement of classroom lectures, video lectures and learning material is available on my Moodle page. The PowerPoint presentations offered there contain the complete subject matter. They can be used as a self-learning tutorial. The video presentations will be published there on a weekly base and contain the subject matter for the lectures of this week. The video presentations contain the same subject matter as the PowerPoint Presentations.  

In case of questions with regard of the subject matter you can send me an e-mail (rainer.maurer@hs-pforzheim.de) or visit my colloquium. The colloquium will take place online at the regular times (Thursday from 13:45 to 15:15) in my Alfaview office.  

The colloquium-link to my Alfaview office is https://alfaview.com/join/alfaview-wur/2965705c-13a4-4473-8fb7-5372a2848ebc/5281ebd3-411f-4666-9d3e-733264647fed. To access Alfaview you need to install the free Alfaview software, which is available on www.alfaview.com. The colloquium link gives you audio and video access to my Alfaview office.  


Grading:  

Grading will be based on a 60 minutes written exam at the end of the semester. To pass the exam, 50% of the points out of a maximum of 60 points have to be reached. Written examination examples with sample solutions are available on my Moodle page too.
Outline of the Course

1. Introduction to Macroeconomics
   1.1 What is Macroeconomics?
   1.2. The Basic Model: The Circular-Flow Model
   1.3. The Basic Data: GDP and Components

2. The Long-run Development of Economies
   2.1. The Solow-Swan Model of a Closed Economy
   2.2. Several Doctrines for a Sustainable Steady State
      2.2.1. Steady States and Exhaustible Resources
      2.2.2. Solow's Substitution Optimism
      2.2.3. A Survey of Alternative Doctrines
   2.3. Understanding Structural Change

3. The Neoclassical Model and its Policy Implications
   3.1. The Structure of the Neoclassical Model
   3.2. The Policy Implications of the Neoclassical Model
      3.2.1. Monetary Policy
      3.2.2. Fiscal Policy
      3.2.3. Demand-side Shocks
      3.2.4. Supply-side Shocks

4. The Keynesian Model and its Policy Implications
   4.1. The Keynesian Theory
      4.1.1. The "Keynesian Cross"
      4.1.2. The Keynesian Model with Capital market

   4.2. Explanation of Short-Term Fluctuations
      4.2.2. Decrease of the Propensity to Consume
      4.2.1. Decrease of the Propensity to Invest
   4.3. Economic Policy in the Keynesian Model
      4.3.1. Monetary Policy
      4.3.2. Fiscal Policy
   4.4. The Keynesian Model in the Long-Run
   4.5. Policy Conclusions
      4.5.1. Practical Problems of Anti-cyclical Economic Policy
      4.5.2. Case Study: Fiscal Policy in Germany
      4.5.3. Case Study: Economic Policy in the Great Recession

5. Causes of Unemployment
   5.1. Types of Unemployment
      5.1.1. Frictional Unemployment
      5.1.2. Keynesian Unemployment
      5.1.3. Various Forms of Classical Unemployment

6. The Monetary Policy of the ECB
   6.1. The Policy Target of the ECB
   6.2. The Policy Instruments of the ECB
   6.3. Money Creation by Commercial Banks

Course Materials:
• Lecture Notes: http://www.rainer-maurer.com/pageID_9427994.html

Basic textbooks:

• Blanchard, O., Macroeconomics (Chapter 25)
• Mankiw, N. G., Principles of Economics. (Chapter 22)
• Mankiw, N. G.: Macroeconomics. (Chapter 2, 3, 4, 6, 9, 10, 11, 13, 14, 18, 24)

Course Topics:

• Students understand the economic cycle and the basics of national accounts.
• They know the Neoclassical and Keynesian macroeconomic theory and they are able to apply them to current economic topics.
• Students realize the reasons for business fluctuations and they know the basics of the growth theory and structural changes and their influence on firms.
• They can explain different approaches for unemployment.
• Students know the different scopes and limits of the government to influence the macroeconomic development.
• They are familiar with the basics of monetary theory and the monetary policy of the European Central bank including its influences on firms.

Course contributions to bachelor programs’ common learning goals:

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<tr>
<th>Learning Objective / Outcome</th>
<th>Contributions to learning objectives</th>
<th>Assessment</th>
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<tbody>
<tr>
<td>Expert knowledge 1.1</td>
<td>Students show that they have sound basic Knowledge in Business Administration.</td>
<td>Importance of macroeconomic conditions (business cycle, inflation, wage, etc.) for business decisions.</td>
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<td>1.2 Students show that they have sound basic Knowledge in Economics.</td>
<td>The data for macro-economic analysis, most important short-and long-term theories of macroeconomic economic development, economic policy implications of these theories (business cycle - vs. growth policy, short-and long-term effects of monetary and fiscal policy, ...), application to issues of current economic policy.</td>
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<td>1.3 Students show that they have sound basic Knowledge in Business Law.</td>
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<td>1.4 Students show that they have sound basic Knowledge in Quantitative Methods.</td>
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<td>Use of information technology 2.1</td>
<td>Students demonstrate proficiency in using computer programs to solve business</td>
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<td><strong>2.2</strong></td>
<td>Students are able to use information systems effectively in real world business settings.</td>
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| **3.** | **Critical thinking and analytical competence**  
**Students are able to apply analytical and critical thinking skills to complex problems.**  
Critical discussion of competing theories regarding policy recommendations and conclusions. Ability to distinguish positive from normative questions and development of own positions on normative issues of economic policy.  
**see above** |
| **4.** | **Ethical awareness**  
**Students are able to develop business ethics strategies and apply them to typical business decision-making problems.**  
Analysis of the macroeconomic consequences of normative concepts, chances and risks of these concepts, evaluation of short- and long-term goals, unemployment and inflation, economic growth and welfare development, etc.  
**see above** |
| **5.1** | **Communication skills**  
**Students are able to express complex problems effectively in writing** |
| **5.2** | **Students demonstrate their oral communication skills in presentations and papers.**  
**X** |
| **6.** | **Capacity for teamwork**  
**Students show that they are able to work successfully in a team by performing practical tasks.**  
**X** |

**Responsible:** Rainer Maurer