

Antalya Bilim University
School of Business and Social Sciences, Department of Economics

ECON 1204 Macroeconomics-II
ECON 2104 Macroeconomic Theory-II
Spring 2025

Class time: Firday (09:00 – 11:50) **Place:** BG-03
Office hours: Friday – After the lecture

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Welcome to Macroeconomics II. This course offers a comprehensive exploration of advanced macroeconomic concepts and models, building upon the foundations laid in Macroeconomics I. Throughout the semester, we will delve into key topics shaping modern macroeconomic theory and policy, equipping students with the analytical tools necessary to understand and address complex economic challenges.

Our journey begins with an introduction to the fundamental principles of macroeconomic analysis. We will review the basic concepts of aggregate income and expenditure, laying the groundwork for our exploration of the income-expenditure model and the aggregate supply-aggregate demand (AS-AD) framework.

Building upon this foundation, we will delve into the intricacies of fiscal policy and its multiplier effects on economic activity. We will analyze the role of government spending, taxation, and budget deficits in influencing aggregate demand and economic growth. Moreover, we will explore the implications of budget deficits and public debt for long-term economic stability and sustainability.

Transitioning to the realm of monetary economics, we will examine the definition and measurement of money, as well as the role of banks in money creation. We will explore the functions of central banks and the tools of monetary policy, including interest rate targeting and open market operations.

Midway through the semester, we will pause for a midterm examination, allowing students to assess their understanding of key concepts and theories covered thus far.

In the latter part of the course, we will shift our focus to the long-run determinants of money, prices, and output. We will explore the relationship between monetary policy, inflation, and economic growth, as well as the policy responses to unemployment and inflationary pressures.

Additionally, we will delve into open-economy macroeconomics, examining the implications of international trade and capital flows on macroeconomic stability and policy effectiveness. We will analyze exchange rate regimes, balance of payments dynamics, and policy options for addressing external imbalances.

Throughout the semester, we will draw upon insights from contemporary macroeconomic research and real-world case studies to illustrate the relevance and applicability of theoretical concepts. By the end of this course, students will emerge with a deepened understanding of macroeconomic theory and its practical implications for economic policymaking. They will possess the analytical skills and critical thinking abilities necessary to assess macroeconomic trends, evaluate policy options, and contribute meaningfully to discussions on economic policy and management.

Course book:

- Paul Krugman, Robin Wells, **Macroeconomics in Modules**, Worth Publisher (2014)

Recommended readings:

- Frederic S Mishkin, **Macroeconomics: Policy and Practice**, 2nd Global Edition, (Pearson, 2015).
- Georgy Mankiw, **Macroeconomics**, Macmillian Higher Education (2019)
- John B. Taylor, Akila Weerapana, **Principles of Macroeconomics Version 9.0**, Flat Word (2020)

Developing Graduate Attributes

Students will be encouraged to develop the following graduate attributes by undertaking the course activities and mastering the course contents. These attributes will be assessed within the assessment tasks:

- skills involved in scholarly enquiry;
- an in-depth engagement with the relevant disciplinary knowledge;
- the capacity for analytical and critical thinking;
- the ability to engage in independent and reflective learning.

Academic Honesty and Plagiarism

Exams are closed books and closed notes. No books, records, cell phones or any other material may be used or consulted during the exams. ABU has a strict honor code to ensure the academic integrity. Any student caught cheating will receive a grade of F for the course, and student affairs will be notified to pursue further action.

Plagiarism is using the words or ideas of others and presenting them as your own. Plagiarism is a type of intellectual theft. It can take many forms, from deliberate cheating to accidentally copying from a source without acknowledgement. Although plagiarism is well established in Turkish educational system, you will be punished heavily if you are caught do it.

Assessment Criteria:

- **Midterm (40%):** Students are responsible for all class material covered until the midterm exam.
- **Final Exam (60%):** This exam is cumulative and will cover all units and topics studied throughout the course. However, the emphasis of the final exam will be on those topics covered after the midterm.

Course Schedule

- **WEEK 1** Introduction
- **WEEK 2** Income Expenditure Model
- **WEEK 3** AS-AD Model
- **WEEK 4** Fiscal Policy and Multiplier
- **WEEK 5** Budget Deficit and Public Debt
- **WEEK 6** Defining and Measuring Money
- **WEEK 7** Banking and Money Creation
- **WEEK 8** Midterm Exam
- **WEEK 9** Central Bank, Monetary Policy and Interest Rate
- **WEEK 10** Money, Price and Output in the Long-run
- **WEEK 11** Policy Response to Unemployment and Inflation
- **WEEK 12** Open-Economy Macroeconomics - I
- **WEEK 13** Open-Economy Macroeconomics - II
- **WEEK 14** Open-Economy Macroeconomics – II
- **WEEK 15** Class Discussion and Review