

Aalto University School of Business  
Department of Economics  
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Fall 2021

## Principles of Economics II ECON-A2200

### Syllabus

Principles of Economics II will cover topics in public policy including externalities, public goods, incomplete markets, taxation and political economics. We will also cover aggregate or macroeconomic phenomena, such as labour markets, economic fluctuations, fiscal and monetary policy and long run growth.

**Textbook:** The textbook for the course is The Economy by the Core Team. It is electronically available at <https://core-econ.org/the-economy/?lang=en>. A lot of the material can also be found in an alternative somewhat shorter book on the same main site, Economy, Society and Public Policy (ESPP) that may give you another angle at any topic that you find difficult to follow in the main textbook.

**Lectures:** The course consists of 12 lectures and 5 review sessions where we will cover weekly problem sets and the material covered in class. *Lectures and review sessions will be organized both on-site and remotely through Zoom.* Lecture slides will be available in general the day before the lecture. In order to make the most of the lectures, I strongly recommend that you have a look at the relevant chapter in the textbook before the lecture. This gives you the best chance to ask questions on any topics that you did not understand. Active participation and asking questions in the lectures is strongly encouraged.

**Grading:** The final grade in the course is based on a final examination (80%) and exercises (20%). As in all economics courses, the exercises are a very important part of the course. You are encouraged to work in groups when solving the exercises, but each student should submit her own individual answer to each problem set. Graduate student Amin Mohazab ([amin.mohazabrahimzadeh@aalto.fi](mailto:amin.mohazabrahimzadeh@aalto.fi)) conducts the review sessions and he is available to help you with any questions regarding the problem sets.

**Schedule:** Below is the planned schedule for the course. I reserve the right to small modifications if needed. The unit mentioned in the schedule refers to the relevant unit in The Economy.

**Course schedule:**

Lecture 1: externalities (Units 12.1-12.4)

Lecture 2: public goods, asymmetric information (Units 12.5-12.7)

Lecture 3: public policy, taxes (Units 12.8-12.11, 19.10)

Lecture 4: political economics (Units 22.1, 22.5-22.8, 22.11-22.14)

Lecture 5: the competitive labour market model (Unit 9.2, some part relies on Unit 8)

Lecture 6: the labour market: Wages, profits, and unemployment (Unit 9)

Lecture 7: economic fluctuations and unemployment (Unit 13)

Lecture 8: unemployment and fiscal policy (Unit 14)

Lecture 9: inflation, unemployment, and monetary policy (Unit 15)

Lecture 10: technological progress, employment, and living standards in the long run. (Unit 16)

Lecture 11: Recap