

Aalto University School of Business  
Department of Economics  
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Fall 2019

## **Principles of Economics II** **ECON-A2200**

### **Syllabus**

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

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 hard to follow in the main textbook.

The course consists of 12 lectures and 5 review sessions where we will cover weekly problem sets and the material covered in class. Lecture slides will be available in general the day before the lecture. In order to make the most of the lectures, I strongly recommend you to 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.

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.

Since this is the first time that this particular course is taught, the schedule below is tentative and there may be adjustments in the time devoted to each topic. The unit mentioned in the schedule refers to the relevant unit in The Economy.

**Course schedule (tentative):**

Lecture 1–2: The labour market: Wages, profits, and unemployment. Unit 9

Lecture 3–4: Markets, efficiency and public policy. Unit 12 (parts of Unit 22)

Lecture 5: Economic fluctuations and unemployment. Unit 13

Lecture 6–7: Unemployment and fiscal policy. Unit 14

Lecture 8–9: Inflation, unemployment, and monetary policy. Unit 15

Lecture 10–11: Technological progress, employment, and living standards in the long run.  
Unit 16

Lecture 12: Recap