

Aalto University School of Business  
Department of Economics  
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Fall 2023

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

### **Syllabus**

Principles of Economics II will cover topics including labor markets, externalities, incomplete markets, economic fluctuations, fiscal and monetary policy and technological change.

**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. 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 ([anna.holvio@aalto.fi](mailto:anna.holvio@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 (tentative):**

Session	Date	Topic	Assignment Due Date
1	Tuesday 24 October 10:15 » 12:00	Introduction, Markets, efficiency and public policy, Unit 12	Problem sets 1 distributed
2	Wednesday 26 October 10:15 » 12:00	Markets, efficiency and public policy, Unit 12	
3	Friday 27 October 10:15 » 12:00		TA session 1
4	Tuesday 31 October 10:15 » 12:00	The labour market: Wages, profits, and unemployment. Unit 9	<b>Problem set 1 due</b> Problem set 2 distributed
5	Wednesday 1 November 10:15 » 12:00	The labour market: Wages, profits, and unemployment. Unit 9	
6	Friday 3 November 10:15 » 12:00	Exercise 1	TA session 2
7	Tuesday 7 November 10:15 » 12:00	Economic fluctuations and unemployment. Unit 13	<b>Problem set 2 due</b> Problem set 3 distributed
8	Wednesday 8 November 10:15 » 12:00	Economic fluctuations and unemployment. Unit 13	
9	Friday 10 November 10:15 » 12:00	Exercise 2	TA session 3
10	Tuesday 14 November 10:15 » 12:00	Unemployment and fiscal policy. Unit 14	<b>Problem set 3 due</b> Problem set 4 distributed
11	Wednesday 15 November 10:15 » 12:00	Unemployment and fiscal policy. Unit 14	
12	Friday 17 November 10:15 » 12:00	Exercise 3	TA session 4
13	Tuesday 21 November 10:15 » 12:00	Inflation, unemployment, and monetary policy. Unit 15	<b>Problem set 4 due</b> Problem set 5 distributed
14	Wednesday 22 November 10:15 » 12:00	Inflation, unemployment, and monetary policy. Unit 15	
15	Friday 24 November 10:15 » 12:00	Exercise 4	TA session 5
16	Tuesday 28 November 10:15 » 12:00	Technological progress, employment, Unit 16	<b>Problem set 5 due</b>
17	Wednesday 29 November 10:15 » 12:00	Technological progress, employment, Unit 16/ Recap	

Session	Date	Topic	Assignment Due Date
48	<del>Friday 1 December</del> 10:15 » 12:00 → No TA session 6	<del>Exercise 5</del>	<del>TA session 6</del>
Exam	Monday, 4 December, 13:00 » 16:00	<b>Principle of Economics II Course examination</b>	