



Principles of Economics II

Spring Term

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Course Code: JEB102

Course Description:

This course introduces economic thinking and basic principles of macroeconomics for beginner economics students as well as for non-economists. This is an introductory economics course with lectures and seminars. Students in this course will come from the following study programs:

- Bachelor in Economics and Finance (mandatory course).
- Bachelor of Science in Economics (mandatory course, an alternative to Ekonomie II).
- International Economic and Political Studies (optional, Seminar 1 recommended).
- Any other degree at Charles University with interest in economics or economic policy.

During the semester, there will be a number of guest lectures in addition to the standard lectures. The guest lecturers will provide insights on macroeconomic issues from their work in business, finance, research or the government.

Structure:

The structure of this course will be divided between lectures and seminars. Lectures as well as seminars will meet once per week for 1.5 hours.

Instructions:

Students are encouraged to read the relevant chapters (listed in the weekly schedule below) in one of the textbooks. There are a number of copies of the Economics textbook available in the IES library (and some in the CERGE-EI library). Students can also buy their own textbooks. Also please note that a number of

other introductory economics texts provide almost equivalent service to the student as the above mentioned textbooks.

The student hand outs and lecture presentation will be regularly updated at the SIS course page, to which all the students should sign up. The supporting web pages of this course include the official webpage of the textbook, which includes useful student handouts and other student resources.

Please contact the IEF staff to learn more about the instructions for this course, including meeting times and how to register.

Requirements:

Regular lectures and seminars are organized for the benefit of the students, who are encouraged to provide constructive feedback during the semester so that teaching can be altered accordingly for their greater benefit. Attendance at both lectures and seminars is voluntary, but highly recommended. Furthermore, experience shows that there is a strong positive correlation between attendance in class and good results in exams.

This course offers **two alternatives for final examination**. Students can decide either to fulfil assignments in an online Aplia system during the semester or to sit in for a written exam at the end of the semester. In both cases, a maximum of three attempts at passing the exam is allowed – if the student works with Aplia during the semester, the overall result counts as the first attempt at the final exam. .The student has the option of using her/his two further attempts by sitting in for the written test at the end of the semester. Most of the questions in the written exam will be multiple choice, true or false, or of a similar type. Aplia assignments include problem sets and readings to be submitted on a weekly basis - more on Aplia and how to purchase it is at the end of this syllabus.

Aplia on-line assignments: Aplia is an online assignment system that provides students with the opportunity to fulfil their course requirements gradually during the semester on a weekly basis.

The results from Aplia are evaluated at the end of the semester. If students fail Aplia at the end of the semester, they can sit in for the written test.

Instructions on **how to register** for the course in Aplia:

1. Go to www.aplia.com and log in (or if you are new to Aplia, click on “Create a new account” and then “Student account”).
2. Enroll in a new course in “My courses” and fill in the course key.
3. Confirm course information. Then every week log in to Aplia and complete your assignments.

Academic Honesty:

Although the students are encouraged to exchange ideas in and outside class, everybody is required to submit their own work. That means that copying the work of other students or published materials is strictly prohibited.

Grading System:

For both Aplia and the written test, the grading follows this simple rule: the total number of points received is divided by the maximum number of points that could have been received (in either the written test or Aplia assignments).

Values higher than 90% correspond to grade 1 (A), between 80% and 90% to grade 2 (B), between 70% and 80% to grade 3 (C).

Course Content:

1. Measuring a Nation's Income and course introduction (objectives, requirements, information sources - Chapter 23);
2. Measuring the Cost of Living (Chapter 24);
3. Production and Growth (Chapter 25);
4. Saving, Investment and the Financial System and the Basic Tools of Finance (Chapters 26 – 27);
5. Unemployment and Its Natural Rate (Chapter 28);
6. The Monetary System; Money Growth and Inflation (Chapters 29-30);
7. Open-Economy Macroeconomics: Basic Concepts; A Macroeconomic Theory of the Open Economy (Chapters 31 – 32);
8. Keynes and IS-LM Analysis; Aggregate Demand and Aggregate Supply (Chapters 33 – 34);
9. The Influence of Monetary and Fiscal Policy; The Short Run Tradeoff between inflation and Unemployment; (Chapters 35 – 36);
10. The Financial Crisis, Common Currency Areas and European Monetary Union, Five Debates over Macroeconomic Policy; (Chapters 37 – 39);

Reading Materials:

The course follows the material that is present in almost identical form in the following three textbooks (and also their earlier or later editions) :

Mankiw, N.G., Taylor, M.P.: *Economics* (2nd or 1st edition, the chapter numbers in the weekly schedule below relate to the 2nd edition of this textbook).

Mankiw, N.G.: *Principles of Economics* (6th edition or earlier edition).

Mankiw, N.G.: *Principles of Macroeconomics* (6th edition or earlier edition).