



**RIGA
GRADUATE
SCHOOL OF
LAW**

Course Outline

Course number	RMF104					
Course title	Micro and Macroeconomics					
Credit points	3 ECTS (2 CP)					
Total hours	24					
Contact hours	24					
Independent studies	24					
Course level	Masters					
Prerequisites	None					
Category	Mandatory	X	Restricted elective		Free elective	X

Note: Mandatory for some students; an elective for other students.

COURSE RESPONSIBLE

<i>Name</i>	<i>Academic degree</i>	<i>Academic position</i>
Morten Hansen	MSc in economics	Head of Economics Department, Stockholm School of Economics in Riga

COURSE TEACHERS

<i>Name</i>	<i>Academic degree</i>	<i>Academic position</i>
Morten Hansen	MSc in economics	Head of Economics Department, Stockholm School of Economics in Riga

COURSE ABSTRACT

Microeconomics is the economics of individual agents: People (consumers), firms (producers) and individual goods and services, whereas macroeconomics deals with the whole economy – all consumers, all firms, all goods and services. Microeconomics introduces the concepts of demand, supply and equilibrium while macroeconomics adds fiscal and monetary policy as well as the labour market and international linkages. For both, the concept of equilibrium (and disequilibrium) is of importance as is the role of the government in interfering in/trying to adjust the economy.

The course aims at introducing all these concepts in a non-mathematical way and with the use of many examples, notably, but not exclusively, from Latvia. The course is primarily aimed at persons with no or little prior background in economics.

GRADING CRITERIA

<i>Criteria</i>	<i>Weighting</i>
Course paper (take home exam)	100%

COURSE REQUIREMENTS

The take home exam is a written, individual exam. It will have two questions for analysis of a microeconomic nature of which the student must choose one and only one and three questions of a macroeconomic nature of which the student must choose two and only two.

Total length some 10-20 pages, font 12, including small graphs but excluding larger graphs or tables, which should appear in appendices.

The take home exam, with a deadline of submission of app. three weeks after the course has ended must be submitted via the intranet. It will be subject to plagiarism checks and proper referencing is expected.

Evaluation will be based on the student's ability to use economic theory, concepts, analysis and understanding in answering the questions posed.

Examples of previous exam questions and a (very good) exam answer can be found on the course intranet page.

COURSE PLAN – MAIN SUBJECTS

<i>No.</i>	<i>Main subjects</i>	<i>Planned hours</i>
	Macroeconomics	18
	Microeconomics	6

COURSE PLAN – SESSIONS

<i>Session</i>	<i>Session subjects and readings</i>	<i>Lecture/ Seminar</i>
1	Macroeconomics: The main goals of macroeconomic policy: Stable prices/low inflation, a high level of employment, stable/sustainable public finances, a stable/sustainable current account balance; high but sustainable economic growth. The concept of GDP and its components. GDP analyzed from the production side, the demand side and the income side. How to analyze and evaluate the economic performance of a country over years (economic growth) and how to compare countries in terms of GDP per capita.	Lecture
2	Macroeconomics: The labour market. The concepts of unemployment rate, employment rate and the natural rate of unemployment/equilibrium level of unemployment. Types of unemployment: Seasonal, frictional, structural and cyclical. The link between the unemployment rate, wage growth and inflation – and how a high level of employment and high economic growth may be in conflict with a goal of stable prices.	Lecture
3	Macroeconomics: Fiscal policy. How the government can affect economic growth, the rate of unemployment and inflation via its fiscal policy tools. Actual, primary and structural budget balances. Government debt and sustainable public finances.	Lecture
4	Macroeconomics: Monetary policy, part I. A description of the European Central Bank, its governance and its economic policy goals. A description of Latvia's way toward the Eurozone.	Lecture
5	Macroeconomics: Monetary policy, part II. Monetary policy of the European Central Bank (ECB) and how the ECB can influence economic growth, unemployment and inflation via its monetary policy tools.	Lecture
6	Macroeconomics: Monetary policy, part III. A deeper look at interest rates, exchange rates and competitiveness.	Lecture
7	Macroeconomics: The supply side of the economy and long-run economic growth. Which are the determinants for long-run economic growth? The role of institutions and of physical and human capital accumulation.	Lecture
8	Macroeconomics: 'Crisis Economics' or 'Health check of an economy'. How to obtain relevant economic data and how to interpret such data with respect to preparing a 'health check' of an economy: Does the data indicate existing or potential problems regarding the macroeconomic policy goals defined in lecture 1?	Lecture
9	As lecture 8 but with applications. Summing up of the macroeconomic part of the course; short intro to microeconomics.	Lecture

<i>Session</i>	<i>Session subjects and readings</i>	<i>Lecture/ Seminar</i>
10	Microeconomics: Introduction, microeconomic agents, the concepts of demand and supply and how to apply them in simple diagrams. Equilibrium and disequilibrium.	Lecture
11	Microeconomics: Analysis of changes in demand and supply and the impact on prices. Based on real life examples. Elasticity.	Lecture
12	Microeconomics: Market forms, government intervention in the economy, monopoly behaviour such as price discrimination, two-part tariffs, bundling, and tying.	Lecture

COURSE LEARNING OUTCOMES

This course has the following main learning outcomes:

Knowledge:

1. Of main microeconomic and macroeconomic concepts and how they interact.
2. Of how economic policy – and economic policymakers – can affect economic outcomes at the micro and the macro level.

Skills:

3. To know from where to obtain relevant economic data.
4. To interpret such data and correctly use it in economic analysis.

Competencies:

5. The ability to perform economic analysis at the microeconomic and macroeconomic level.
6. The ability to draw policy conclusions from suggested economic policies at the microeconomic and macroeconomic level.

By completing the study course and successfully passing examination, the student will be able to:

<i>Learning outcomes</i>	<i>Evaluation criteria</i>		
	<i>(40-69%)</i>	<i>(70-89%)</i>	<i>(90-100%)</i>
Knowledge	The student has acquired only basic knowledge of the course subject. The student lacks an understanding of some of the core issues of the course subject.	Overall, the student's knowledge complies with the expectations. However, there are issues that the student does not fully understand.	The student has demonstrated in-depth knowledge and understanding of the issues related to the course subject.
Skills	The student has demonstrated only a basic level of skills.	The student has demonstrated good skills.	The student has demonstrated excellent skills.

Competences	The student can apply the knowledge only at a basic level. The student can identify the relevant economic issues at hand but fail to analyze them and conclude from them in a comprehensive way.	The student can apply the knowledge at a reasonably good level. However, the student does not have the necessary level to be able to fully apply the acquired knowledge independently. The student has some problems to correctly provide economic analysis/analysis is not all that deep.	The student can apply the knowledge independently and correctly. The student can identify relevant economic issues, provide meaningful analysis, conclusions and policy advice.
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Please analyse the contribution of defined grading criteria to learning outcomes. Number of grading criteria and learning outcomes should correspond to previously defined one.

Grading criteria	Learning outcomes					
	1.	2.	3.	4.	5.	6.
Course paper	X	X	X	X	X	X

COURSE LITERATURE

Compulsory literature

No.	Author, year, title, publisher
	Blanchard, Olivier et al; 2013, Boom, Bust, Recovery: Forensics of the Latvia Crisis; Brookings Papers
	Bernanke, Ben; 2016, What Tools Does the Fed Have Left part I, part II, part III; blogs, Brookings
	Blanchard, Olivier; 2010, Rethinking Macro, IMF blog.

Additional literature and sources

No.	Author, year, title, publisher
	Moss, David A., 2014, A concise guide to macroeconomics, Harvard Business Review Press A simple guide to macroeconomic concepts; a good guide for the non-economist.
	The intranet page for this course lists some 25 articles of varying length (typically short) to be referred to as suggested readings. All articles are named so they align with the lecture topic they deal with.