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Fall 2015

ECON 1204

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ECON 1204-001: PRINCIPLES OF MACROECONOMICS, Fall 2015: TTh 11-12:15

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Office Hours Tu: 10-11 am; Thu: 10:00 – 11 am, 1 – 6 pm,

Fri 5-5:15 pm. I am always available through email.

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Student Learning Objectives: This class gives a broad overview of major questions and issues in macroeconomics. The course emphasizes understanding of “real world” developments in the light of basic theory. After successfully completing this class, students will be able to: i) understand basic macroeconomic concepts such as the GDP, CPI, and the unemployment rate, including how they are measured; ii) understand basic explanations of long run growth and short run business cycles; iii) understand the roles of monetary and fiscal policy in macroeconomic stabilization; iv) understand the role of international trade in promoting economic efficiency. Students will also be able to recognize, interpret, and criticize broad economic arguments in the media, especially relating to international trade, productivity and growth, and the effects of public policy. The concepts of balance of payments and currency exchange rate are discussed if time allows.

Course Materials: i) **Text book:** N. Gregory Mankiw: *Brief Principles of Macroeconomics*, 7th ed., Cengage, 2015, **with the Aplia internet homework package.**

ii) **Lecture Summaries** (on Moodle, in Course Documents)). Please, print a copy of the lecture summary of the week before coming to class or bring your computer to follow the course notes; the lecture summaries give important diagrams that we will discuss.

iii) **Additional (illustrative) readings** from newspapers and magazines (on Moodle in Course Documents) for each section of the course.

Moodle: This course has a dedicated site on Moodle to which I will post lecture notes, articles, and make announcements. It is the students’ responsibility to regularly check the Moodle site, especially the Announcements. Access to Moodle is limited to those who are registered to this course.

!Aplia!: This course uses the Aplia online homework and practice service. You can obtain your Aplia access code by purchasing the Aplia package (which includes an ebook and access to assignments) in the bookstore or you can buy the package online (see Moodle Announcements for info about how to access the Aplia site). **Aplia homework will count for 1/3 of the course credit (100 out of 300 points).**

Requirements: i) *Two exams* - **First exam: October 6 (100 points total; 1/3 of the course credit); second exam: December 3 (100 points total; 1/3 of the course credit).** Each exam will consist of multiple choice and short answer questions. Sample exam questions will be posted on Moodle prior to each exam.

ii) *Homework assignments / Aplia practice* (graded) (**total 100 points; 1/3 of the course credit**). Doing the homework assignments and Aplia practice questions is essential for success in exams. Due dates are announced in the Aplia assignments.

It is each student's responsibility to attend the exams. No make-up exams will be given and no extra credit work will be accepted or assigned.

The course grading scale is (for total points):

265 - 300	A
230 - 264	B
195 - 229	C
160 - 194	D
Below 160	F

Final grades will be determined by the points total and a single curve at the end of the course. The mid-semester grades will be based on the results of the first exam only.

!Attendance!: Attendance of classes is required; a record of attendance is kept starting from the second lecture date. Missing more than four classes over the semester (without a documented major reason) will result in a 10% reduction in the final point total.

Class room requirements: All cell phones must be turned off in class unless you notify the professor prior to class of a possible emergency requiring such devices to be left on (such as a major family illness etc.). *Failure to adhere to this policy will result in a warning on the first offence and a 5 point reduction in the final point total for each subsequent offense.*

Students who exhibit other disruptive behaviors such as studying or working on assignments for other classes, text messaging, and/or carrying on distracting conversations will be warned and/or asked to leave the class room.

***University Policy on Academic Integrity*:** Academic integrity is fundamental to the process of learning and evaluating academic performance. Academic dishonesty will not be tolerated. Academic dishonesty includes but is not limited to: cheating, plagiarism, tampering with academic records and examinations, falsifying identity, and being an accessory to acts of academic dishonesty. Refer to Student Code of Conduct for further information. The Code is available online at <http://www.studentaffairs.uno.edu>.

Note: Working in groups for learning purposes prior to tests is acceptable and helpful. However, during tests, each student must complete his or her own work using only a pen or pencil, an eraser, a ruler, and a basic functions calculator (not a programmable calculator). **For your benefit, you must do your own homework and Aplia practice; copying homework from others will not result in learning and will lower your test results.**

Accommodation for Students with Disabilities: It is University policy to provide, on a flexible and individualized basis, reasonable accommodations to students who have disabilities that may affect their ability to participate in course activities or to meet course requirement. Students with disabilities should contact the Office of Disability Services as well as their instructor to discuss their individual needs for accommodations. For more information, go to <http://www.ods.uno.edu>.

OUTLINE OF THE COURSE: (chapter numbers refer to Mankiw's *Brief Principles*, 7ed. ed.; for more detailed course content, see the Lecture Notes)

1. An Introduction to Economics: Chapters 1, 2 + extra Mankiw section on the budget set (on Moodle)

- what is economics?
- basic assumptions: agents, markets
- opportunity sets and trade-offs: budget set, PPF
- opportunity cost, relative price
- drawing and understanding graphs (Appendix to Ch. 1)

2. Exchange and Gains from Trade: Ch. 3

- comparative advantage, absolute advantage
- gains from trade: individual, national
- cost of protectionism; trade and jobs argument

3. Demand, Supply and Prices: Ch. 4 + extra Mankiw section (on Moodle)

- demand and supply curves
- equilibrium prices; role of prices in a market economy
- shifts in demand and supply curves
- interfering with markets (price ceiling, price floor policies)

4. Measuring Output, Prices, and Unemployment: Ch. 5-6, 10

- aggregate output measure: GDP
- price indices: CPI, inflation
- measuring unemployment: u-rate

5. Saving, Investment and Financial System: Ch. 8

- financial institutions
- market for loanable funds and the real interest rate
- government budget deficits and surpluses

6. Productivity and Growth: Ch 7

- productivity and the standard of living; differences across countries and over time
- explaining economic growth (Solow's growth theory); role of public policy

7. Aggregate Demand (AD), Aggregate Supply (AS), Equilibrium: Ch. 15

- aggregate demand
- aggregate supply (short and long run)
- macroeconomic equilibrium (short and long run)
- causes of economic fluctuations; macroeconomic schools of thought

8. Fiscal Policy, Money Supply and Monetary Stabilization Policy: Ch. 16, 11

- changes in fiscal policy; multiplier
- what is money?, role of the central bank (the Fed)
- how banks create money: money supply, the Fed's controls
- liquidity preference; monetary equilibrium and the interest rate
- money and aggregate demand in the short run

9. Money in the Long Run, Phillips Curve: Ch. 12, 17

- money in the long run: quantity theory of money and inflation
- Phillips curve in the short and long run (inflation and unemployment)

10. Debates about Macroeconomic Policy: Ch. 18

- policy debates

(11. Open Economy Macro: Ch. 13-14)

- balance of payments accounts; deficits and surpluses
- "twin deficits"
- foreign exchange rates; exchange rate systems, monetary unions

IMPORTANT DATES:

August 20: First class meeting.

Sept. 7: Labor Day break.

Oct. 6: FIRST EXAM!

Oct. 15–16: FALL BREAK.

Nov. 26–27: Thanksgiving Holiday.

Dec. 3: SECOND EXAM!