



ECON 012: Macroeconomics

Term: 2020 Winter Session

Instructor: Staff

Language of Instruction: English

Classroom: TBA

Office Hours: TBA

Class Sessions Per Week: 5

Total Weeks: 3

Total Class Sessions: 15

Class Session Length (minutes): 240

Credit Hours: 4

Course Description:

Macroeconomics studies economy as a whole. We will discuss the major issues confronting the American economy; the nature of the enterprise system; the role of government and the influence of the banking system. The course also introduces management of business cycle; inflation and deflation; money creation; taxation; government spending; economic policies for full employment; price stability; international trade and payments.

Course Materials:

Principles of Macroeconomics, N Gregory Mankiw, 7th edition.

Course Format and Requirements:

Participation is not graded. However, participation is highly valued and to encourage participation this course has the following policy. A student's grade can be increased if he or she is at the margin and does have been active in class discussions. Such grade increases due to participation are not negotiable.

Grading Scale:



A+: 98%-100%

A: 93%-97%

A-: 90%-92%

B+: 88%-89%

B: 83%-87%

B-: 80%-82%

C+: 78%-79%

C: 73%-77%

C-: 70%-72%

D+: 68%-69%

D: 63%-67%

D-: 60%-62%

F: Below 60%

Course Assignments:

Quizzes

There will be 6 quizzes in all. The 4 highest scores (out of the 6 scores) will count towards the 20% of the final grade. No make-up quiz will be offered.

Midterm Exam

The two midterm exams will be based on concepts covered in class. It will be in-class, close-book and non-cumulative. No alternate arrangements will be made.

Final Exam

The final will be cumulative and close-book. Note that the final will not be taken during the normal class times. Exact time and location for final will be announced later.

Note: All exams and quizzes are closed-books. Cheat sheets are not allowed. The only device allowed in quizzes and exams is a calculator. No other device (e.g. laptop or cell phone) is allowed.

Course Assessment:

Quizzes	20%
Midterm Exam 1	25%
Midterm Exam 2	25%



Final Exam	30%
Total	100%

Course Schedule:

Week 1- Class 1	Week 1- Class 2
Course Outline Ten Principles of Economics Basic Macroeconomic Variables Economic Growth Business Cycles	Interdependence and gains from trade Markets, Supply and Demand Measuring a Nation's income: Definition and Measurement of GDP Product-Expenditure-Income Approach to Measuring GDP GDP vs. Utility and Welfare
Week 1- Class 3	Week 1- Class 4
<u>Quiz 1</u> Measuring a Nation's income: Consumption (Durables, Non-Durables, Services) Investment (Business, Residential, Inventories) Government Spending Exports and Imports GDP vs. GNP Depreciation	Measuring the cost of living: Labor Share of Income Wages by Skill, Inequality Measuring Unemployment: Unemployment Rate Employment-Population Ratio Natural Rate of Unemployment, Cyclical Frictional and Structural Unemployment
Week 1- Class 5	Week 2- Class 6
<u>Midterm Exam 1</u> Consumption and Savings: Budget Constraints with Perfect Capital Markets Consumption Smoothing	Consumption and Savings: Substitution and Income/Wealth Effects Interest Rate Shocks Permanent vs. Temporary Income Shocks Housing Wealth Credit Constraints



Consumption Function	Interest Rate Spreads Borrowing Constraints Housing Price Drops and Collaterals
Week 2- Class 7	Week 2- Class 8
<u>Quiz 2</u> Investment: Firm's Capital Choice User Cost of Capital, Investment Demand Function Interest Rates and Investment Shifts of the Investment Curve Stock Market Residential Investment Housing Prices: 2007-2009 Housing Price Collapse	<u>Quiz 3</u> The Monetary System: Definition of Money Central Banks Money Supply Creation Bank's Reserves-Deposits Public's Currency-Deposits Money Multiplier Money Supply during the Great Depression and the Great Recession
Week 2- Class 9	Week 2- Class 10
The Monetary System: Money Demand Quantity Theory of Money Money Growth and Inflation: Inflation in the Long-Run Monetary Policy Toolbox Effective and Target Fed Funds Rate Market for Reserves Interests on Reserves Fed's Balance Sheet during Great Recession	<u>Quiz 4</u> Quantitative Easing Unconventional Monetary Policies Aggregate Demand and Supply: The AD Curve Construction of AD Slope of AD, Inflation vs. Output Fluctuations Shifts of AD, Costs of Inflation Costs of Disinflation
Week 3- Class 11	Week 3- Class 12
<u>Midterm 2</u> Aggregate Demand and Supply: Aggregate Supply Curve	Aggregate Demand and Supply: Imperfect Information Short-Run Aggregate Supply (SRAS), Slope of SRAS and Shifts of SRAS, Inflationary



Sticky Wages, Sticky Prices and Monopolistic Competition	Expectations The AD/AS Framework Equilibrium
Week 3- Class 13	Week 3- Class 14
<u>Quiz 5</u> Influence of Monetary Policy and Fiscal Policy on Aggregate Demand: Fiscal Multiplier Fiscal Policy in the Long Run Consumption Crowd Out Fiscal Policy in the Short Run Keynesian Multiplier Deficit vs. Taxes	<u>Quiz 6</u> Fiscal Policy with Borrowing Constraints Short-run trade-off between inflation and unemployment The Big Picture: Different Economic Perspective Movie Treat: Inside Job/Frontline Documentary on the Great Recession
Week 3- Class 15	<u>Final Exam (Cumulative): TBA</u>
The Great Recession Six Debates over Macroeconomic Policy Review for final	

Academic Integrity:

Students are encouraged to study together, and to discuss lecture topics with one another, but all other work should be completed independently.

Students are expected to adhere to the standards of academic honesty and integrity that are described in the Shanghai Normal University's *Academic Conduct Code*. Any work suspected of violating the standards of the *Academic Conduct Code* will be reported to the Dean's Office. Penalties for violating the *Academic Conduct Code* may include dismissal from the program. All students have an individual responsibility to know and understand the provisions of the *Academic Conduct Code*.

Special Needs or Assistance:



Please contact the Administrative Office immediately if you have a learning disability, a medical issue, or any other type of problem that prevents professors from seeing you have learned the course material. Our goal is to help you learn, not to penalize you for issues which mask your learning.