



## ECON 012: Macroeconomics

Term: 2020 Winter Session

Instructor: Staff

Language of Instruction: English

Classroom: TBA

Office Hours: TBA

Class Sessions Per Week: 6

Total Weeks: 4

Total Class Sessions: 25

Class Session Length (minutes): 145

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, 8<sup>th</sup> 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%



<b>Total</b>	<b>100%</b>
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**Course Schedule:**

Week 1- Class 1	Week 1- Class 2
Course Outline Ten Principles of Economics	Basic Macroeconomic Variables Economic Growth Business Cycles
Week 1- Class 3	Week 1- Class 4
Interdependence and gains from trade Markets, Supply and Demand	<b><u>Quiz 1</u></b> 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 5	Week 1- Class 6
Measuring a Nation's income: Consumption (Durable, Non-Durable, Services) Investment (Business, Residential, Inventories) Government Spending Exports and Imports GDP vs. GNP Depreciation	<b><u>Quiz 2</u></b> Measuring the cost of living: Labor Share of Income Wages by Skill, Inequality
Week 2- Class 7	Week 2- Class 8
Measuring Unemployment: Unemployment Rate Employment-Population Ratio Natural Rate of Unemployment, Cyclical	<b><u>Midterm Exam 1</u></b>



Frictional and Structural Unemployment	
Week 2- Class 9	Week 2- Class 10
Consumption and Savings: Budget Constraints with Perfect Capital Markets Consumption Smoothing Consumption Function Substitution and Income/Wealth Effects	Consumption and Savings: Interest Rate Shocks Permanent vs. Temporary Income Shocks Housing Wealth Credit Constraints Interest Rate Spreads Borrowing Constraints Housing Price Drops and Collaterals
Week 2- Class 11	Week 2- Class 12
<b><u>Quiz 3</u></b> Investment: Firm's Capital Choice User Cost of Capital, Investment Demand Function Interest Rates and Investment	Investment Shifts of the Investment Curve Stock Market Residential Investment Housing Prices: 2007-2009 Housing Price Collapse
Week 3- Class 13	Week 3- Class 14
The Monetary System: Definition of Money Central Banks Money Supply Creation Bank's Reserves-Deposits Public's Currency-Deposits Money Multiplier	<b><u>Quiz 4</u></b> The Monetary System: Money Supply during the Great Depression and the Great Recession Money Demand Quantity Theory of Money
Week 3- Class 15	Week 3- Class 16
Money Growth and Inflation: Inflation in the Long-Run Monetary Policy Toolbox, Effective and Target Fed Funds Rate	<b><u>Quiz 5</u></b> Money Growth and Inflation: Market for Reserves Interests on Reserves Fed's Balance Sheet during



	Great Recession Quantitative Easing Unconventional Monetary Policies
Week 3- Class 17	Week 3- Class 18
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	<b><u>Midterm Exam 2</u></b>
Week 4- Class 19	Week 4-Class 20
Aggregate Demand and Supply: Aggregate Supply Curve Sticky Wages, Sticky Prices and Monopolistic Competition Imperfect Information Short-Run Aggregate Supply (SRAS), Slope of SRAS and Shifts of SRAS, Inflationary Expectations	Aggregate Demand and Supply: The AD/AS Framework Equilibrium Exercise and Review
Week 4-Class 21	Week 4-Class 22
Influence of Monetary Policy and Fiscal Policy on Aggregate Demand: Fiscal Multiplier Fiscal Policy in the Long Run Consumption Crowd Out	<b><u>Quiz 6</u></b> Influence of Monetary Policy and Fiscal Policy on Aggregate Demand Fiscal Policy in the Short Run Keynesian Multiplier Deficit vs. Taxes Fiscal Policy with Borrowing Constraints
Week 4-Class 23	Week 4-Class 24
Short-run trade-off between inflation and unemployment	The Great Recession



The Big Picture: Different Economic Perspective Movie Treat: Inside Job/Frontline Documentary on the Great Recession	Six Debates over Macroeconomic Policy
Week 4-Class 25	<b><u>Final Exam (Cumulative): TBA</u></b>
Summary of the semester 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.