

Econ 1101: Macroeconomic Principles

Semester: Summer I, 2019

Instructor: Shuoshuo Hou (Margaret Hou)

Contact information

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Office Location: TBA, but you can always find me at Ritter Annex 844 (Computer Lab)

Office Hours: M&W 2:00~3:30pm or by appointments

Class meets: M&W 10:10am-1:05pm, Ritter 105

Prerequisites

Math 0702 or equivalent. In particular, knowledge of elementary algebra, especially solving equations, including exponential and logarithmic equations and systems of two linear equations is extremely helpful.

Textbook

Acemoglu, Laibson and List: Macroeconomics. Custom Edition for Temple University, Pearson. **We will be using MyEconLab for all homework assignments and purchase of the software is a requirement for the course.** I will provide the Course ID during the first week of class.

Notes:

1. The custom edition for Temple University includes two additional chapters relative to the regular edition and is priced at a significant discount. It can either be purchased at the bookstore (hardcopy with MyEconLab access code) or directly from Pearson (e-text with MyEconLab).
2. The first edition of the regular text might be available online for cheap. If you purchase this text, you need to still purchase access to MyEconLab and copy the two missing chapters. You might save some money but it's probably not worth it considering the discounted price of the custom edition.
3. This text is significantly different from the old Temple editions by Parkin; you cannot use a Parkin text as a substitute.

Disability Policy

This course is open to all students who meet the academic requirements for participation. Any student who has a need for accommodation based on the impact of a documented disability, including special accommodations for access to technology resources and electronic instructional materials required for the course, should contact me privately to discuss the specific situation by the end of the second week of classes or as soon as practical. If you have not done so already, please contact Disability Resources and Services (DRS) at 215-204-1280 in 100 Ritter Annex to learn more about the resources available to you. I will work with DRS to coordinate reasonable accommodations for all students with documented disabilities.

Statement on Academic Freedom: Freedom to teach and freedom to learn are inseparable facets of academic freedom. The University has adopted a policy on Student and Faculty Academic Rights and Responsibilities (Policy # 03.70.02) which can be

accessed through the following link:

http://policies.temple.edu/getdoc.asp?policy_no=03.70.02.

Course Learning Objectives:

This course is designed to teach you the core foundations of economics and provide you with a structured and analytically sound understanding of key issues in macroeconomics: growth, unemployment, inflation, and business-cycle fluctuations. In particular, after completing this course you will be able to:

1. Understand and analyze factors affecting the behavior of consumers, firms and societies.
 - Rational decision making implies thinking in terms of marginal analysis.
 - Scarcity implies that trade-offs exist and that every choice has an opportunity cost.
 - Differences in opportunity cost imply that gains accrue to all parties engaged in a trade.
2. Understand and analyze how markets work:
 - Demand and supply together determine equilibrium price; prices allocate scarce resources in market economies.
 - Analyze the impact of economic events on markets.
3. Understand how key economic variables are computed:
 - GDP as a measure of economic activity
 - The difference between nominal and real variables
4. Understand the sources for differences in economic activity across time and space.
 - Innovation and entrepreneurship as a source of long-run economic wealth.
 - The role of economic institutions in shaping incentives for economic activity.
5. Understand how labor and credit markets work.
6. Understand short-run economic fluctuations and the economic policy responses to these fluctuations.

A Note to BBA Students

The concepts and skills you learn in ECON 1101 will be revisited in your other BBA (Core) Courses. In Econ1101 we discuss how consumers and firms make rational economic decisions (re: BBA goal 1) and how they interact with each other in a market. We then apply the concept of market demand and supply to analyze capital and labor markets (re: BBA goal 2), arguably the two most important markets in the economy. We also apply the concept of demand and supply to understand business cycle fluctuations and discuss potential government policy to dampen the impact of these fluctuations (re: BBA goal 2). Throughout the semester you will work with economic data related to the topics we discuss, honing your quantitative reasoning skills (re: BBA goal 3).

You can find the BBA program goals here: <https://www.fox.temple.edu/undergraduate-bba/learning-goals/>

Attendance Policy:

1. Attendance will be taken each class (besides the first one and exam days) by signing an attendance sheet.

2. **Official documents are needed** if you want to excuse your absence, otherwise your attendance grade will be lowered. No free absence.
3. Signing the attendance sheet is the student's responsibility. **You will lose attendance points even if you just forget to sign the attendance sheets.**
4. I need to know if you will need to leave the class early, otherwise you will be counted as absent regardless of whether you have signed in.
5. If a student is routinely late, then I may cross out his/her attendance.

Homework Policy: Late homework will receive ZERO. Do not copy other's work.

Academic Honesty: Students found to be cheating on an exam or assignment will receive a failing grade for the exam or assignment and a strong possibility of failure for the course. Additionally, students who have violated the University's cheating policy may find their behavior brought before the University Discipline Committee. Students should be aware of the Code of Conduct rules that govern both students and faculty. These can be found at: <http://www.temple.edu/assistance/udc/coc.htm>

Missed Examinations

There will be no make-up tests! If you miss a test, the test will be scored as a \zero" unless you can provide **written evidence** documenting that you were in an emergency or suffered an acute serious medical condition. Furthermore, you must meet with me and answer a few short questions relating to the course content to prove that you were actually prepared to take the test. Failure to comply with any of the above conditions will result in a "zero" for the exam in question.

Grading Policy:

Attendance	5%	Collected every class
Homework	25%	About 8 in total
Mid-term 1	70%	May 22 th
Mid-term 2		June 10 th
Final		June 24 th

I shall assign final grades STRICTLY according to the following grid:

94-100: A	90-93: A-	87-89: B+
83-86: B	80-82: B-	77-79: C+
73-76: C	70-72: C-	67-69: D+
63-66: D	60-62: D-	0-59: F

Exams: There are two midterm exams and one final exam. Midterms are 80 minutes long and are will be written during class time. The final exam will be 120 minutes long, on June 24th, during class time.

The exam grade is composed as follows:

$$0.4 * \text{Final Exam} + 0.3 * \max \{ \text{Mid-I; Mid-II} \} + 0.3 * \max \{ \text{final; min} \{ \text{Mid-I; Mid-II} \} \}$$

In other words, if you do better on the final than your lower midterm, the final will replace that midterm. In that case, the better midterm counts for 30% and the final counts for 70% of the exam grade. If you do worse on the final than the lower midterm, both midterm count for 30% and the final counts for 40% of the exam grade.

This is subject to the provision that you achieve a grade of at least 30% in both midterm exams. If you do achieve a grade below 30% in either of the midterms, then both midterms count for 30% each. This implies in particular that you cannot discard one of the midterm exams by submitting an empty exam paper.

You must take all exams at the assigned time unless you provide a valid, verifiable reason for failing to do so. Examples of valid excuses include significant illness or injury and death of a close relative. Verification must be provided. Tests are closed book.

Topics:

Chapter numbers based on Temple custom issue, and please note that the topics are subject to change.

1. Introduction & Economic Basics

- a. Introduction and Opportunity Cost; chapters: 1.1-1.3
- b. PPF, Comparative Advantage & Trade; chapters: 3.1-3.2, 16.1
- c. Optimization & Marginal Analysis; chapter 4
- d. Demand and Supply; chapter: 5

Midterm 1 *Date: 05/22/2019*

2. Measuring Output and Macroeconomic outcomes:

- a. Measuring GDP and Economic Growth; chapter 6
- b. Measuring Nominal and Real GDP, Economic Growth, Inflation; chapter 6
- c. Aggregate Production Function & Productivity; chapter 7
- d. Long Run Economic Growth; chapters 8.1-8.2
- e. The Labor Market; chapter 11

Midterm 2 *Date: 06/10/2019*

3. Credit Markets and Money

- a. The Credit Market; chapter 12.1
- b. Money, Inflation, and The Federal Reserve; chapters: 13.1-13.5

4. Macroeconomic Fluctuations:

- a. The Short Run Model; chapter 14
- b. Countercyclical Policy; chapter 15

5. Open Economy Macroeconomics

- a. **Exchange Rates; chapter 15 (if time permits)**

Final Exam *Date: 06/24/2019*