

Florida International University
Department of Economics
Principles of Macroeconomics (ECO 2013)

Instructor: Andra Hiriscau

Fall, 2019

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Office Hours: Tu 3:15-5:00 pm; Th 1:00 -2:00 pm

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Class Hours: Tu-Th 2:00 pm- 3:15 pm

Class Room: Chem and Physics, Room 197

Course Description and Purpose

Macroeconomics is a highly practical discipline as it deals with principles that directly impact every part of life. They affect employment, government welfare, the availability of goods and services, the way nations interact with one another, the price of food in the shops etc. The knowledge gained in this course will make students better informed citizens and allow them to follow the debates over national economic policy reported in the news media. This course is also a foundation course that will prepare students to be successful in upper division finance, marketing, business administration, economics, government, and social work courses.

Required Materials

- Hubbard, R. Gleen and O'Brien, Anthony Patrick; *My Lab with Pearson e-text- Instant Access- for Macroeconomics* (7th Edition , 2019; ISBN-13: 9780134739458)
- MyLab Economics Access (Course Website: [Pearson](https://www.pearson.com/mylab/economics))
- Note: On-line access to the full text of *Macroeconomics* is included with purchase of MyLab Economics access, so students are not obligate to buy a physical copy of the textbook. All weekly homework and quizzes will be distributed and grade through MyLab Economics, so you cannot pass this course without MyLab Economics class.

Registering for MyLab Economics Access

Follow the steps mentioned on [Student Registration Instructions for Canvas](#). Online access to the e-text and MyLab Economics must be accessed through Canvas. If you need additional guidance, consult the [support site](#), especially the system requirements which list recommended browsers. If you have problems registering, purchasing, or logging in, please contact [Customer Support](#). Pearson Support is available to assist you on the phone, through email, or with on-line chat.

- Email services are available 24 hours a day, 7 days a week.
- Chat services are available Monday through Thursday (8:00 am- 12:00 am) and Friday (8:00 am- 10:00 pm)

Learning Outcomes and Objectives

There are four units in this class: Introduction, Macroeconomic Foundations, Short-Run Fluctuations, and Monetary and Fiscal Policy.

- Explain the role of scarcity, specialization, and cost-benefit analysis in economic decision-making.
- Analyze how buyers and sellers interact in a free and competitive market to determine prices and quantities of a good.
- Identify the determinants of supply and demand; demonstrate the impact of shifts in supply and demand curves on equilibrium price and output.
- Define and measure Gross Domestic Product and national income, and rates of unemployment and inflation.
- Describe and analyze the sources of economic growth.
- Explain Keynesian economics using the Income- Expenditure Model.
- Construct the aggregate demand and aggregate supply model of the macro economy and use it to illustrate macroeconomic problems and potential monetary and fiscal policy solutions.
- Define money and the money supply; describe the process of money creation by the banking system and the role of the central bank.

Course Structure

Class Structure

The class is meeting twice a week for 1 hour and 15 minutes.

Grading Policy

I reserve the right to curve the scale dependent on overall class scores at the end of the semester. Any curve will only ever make it easier to obtain a higher letter grade. Incomplete will be given only under exceptional circumstances. Any kind of emergency has to be documented to receive an "I". Doing poorly in the course will not be considered a valid reason. The grade will be calculated using the following proportions:

- 25% of your grade will be determined by in class midterm exam 1
- 25% of your grade will be determined by in class midterm exam 2
- 10% of your grade will be determined by homework
- 5% of your grade will be determined by NPR podcasts' summaries
- 10% of your grade will be determined by unannounced quizzes and class participation
- 25% of your grade will be determined by final exam

$$\begin{aligned} \text{Final Grade} = & (\text{Midterm 1} * 0.25) + (\text{Midterm 2} * 0.25) + (\text{Homework Average} * 0.10) + \\ & + (\text{NPR podcast} * 0.05) + (\text{Quizzes Average} * 0.1) + (\text{Final Exam} * 0.25) \end{aligned}$$

Table 1: Sample Grading Scheme

| Letter | Range | Letter | Range | Letter | Range |
|--------|----------------|--------|----------------|--------|----------------|
| A | 90.00 or above | B | 79.00- 83.99 % | C | 67.00- 72.99 % |
| A- | 87.00-89.99 % | B- | 76.00- 78.99 % | D | 60.00- 66.99 % |
| B+ | 84.00-86.99 % | C+ | 73.00- 75.99 % | F | 59.99 or less |

- Class participation is not equivalent to class attendance; it implies that you participate actively in the class discussions. Actively talking and thinking economics may be the most important element to further your economic intuition.
- All weekly homework will be distributed and grade through MyLab Economics. You can miss/drop the "lowest score" homework assignment.

- Quizzes are unannounced and constitute of 10-15 min short questions related to the material taught in class. It should encourage you to keep up with the material. You can miss/drop the "lowest score" quiz. There would be no make-up for the quizzes. You need to download the application [Kahoot Mobile App](#) in order to be able to take the quizzes.
- Exams are going to be composed of multiple choice questions. Final exam is not cumulative and given according to the University rules during Finals Week.
- Class attendance will be taken with FIU Check-In. You need download [FIU Check- In App](#).
- Note: There will be no extra credit of any kind offered to any student under any circumstances. Final grades will not be rounded. If you have any questions or concerns about your grade, please contact the instructor immediately. You should be proactive about your grades, and do not wait until the last minute.

Homework

- Homework consists of 15-50 questions from each chapter and short summaries of four Podcasts. Homework will be assigned at the end of every chapter and must be completed by the due date and time which are posted on MyLab. Students have **TWO** attempts to complete the homework assignment, in which the score will count as the recorded grade. Students will have *unlimited* amount of time to answer all of the questions once the assignment is opened in MyLab Economics. The assignment will automatically close on the due date and time.
- Make sure to save and submit the assignment once you have completed it. Homework assignments will not be reopened after due date except under extenuating circumstances documented with sufficient paperwork (medical emergency only).
- Since the homework assignments are on-line, they are open-book and open-notes. However, full understanding of the material will be needed in order to answer all of the questions. Correct answers will be released after the due date.
- Four [Planet Money Podcasts](#) will be assigned during the semester. You will need to listen it and then submit a two paragraphs-long summary of it on Canvas. Listening to the podcasts makes the course material relevant to the real-world.

Exams

- There are three exams in total. You are required to take all the exams at the scheduled time, unless you have a university-sanctioned schedule conflict or a well documented emergency. If you think you have a schedule conflict, please notify the instructor at least two weeks before the exam. All exams are hard-copied exams taken in class.
- Make sure to bring your Panther ID on the exam days.

Weekly schedule

The schedule is tentative and subject to change. Midterm exam will test on the material that was taught up until the exam date. Homework and quizzes in the second half of the semester tend to build on the concepts in the first half of the semester, so it is important to at least review those concepts throughout the semester.

| Week | Section | Assignments\Notes |
|------|--|---|
| 1 | Course Introduction/ Class Logistics | Homework 0 (Ungraded) by Wednesday 11:30 PM |
| | 1.1 Three key Economics Ideas | |
| | 1.2 The Economics Problem That Every Society Must Solve | |
| | 1.3 Economics Models | |
| | 1.4 Microeconomics and Macroeconomics | Homework Chapter 1 due by Monday 11:30 PM |
| | 1.5 Economic Skills and Economics as a Career | |
| | 1.6 A Preview of Important Economic Terms | |
| | Appendix: Using Graphs and Formulas | |
| 2 | 2.1 Production Possibilities Frontiers and Opportunity Costs | Homework Chapter 2 due by Monday 11:30 PM |
| | 2.2 Comparative Advantage and Trade | |
| | 2.3 The Market System | |
| 3 | 3.1 The Demand Side of the Market | Homework Chapter 3 due by Monday 11:30 PM |
| | 3.2 The Supply Side of the Market | |
| | 3.3 Market Equilibrium: Putting Demand and Supply Together | |
| | 3.4 The Effect of Demand and Supply Shifts on Equilibrium | |
| 4 | 4.1 Consumer Surplus and Producer Surplus | Homework Chapter 4 due by Monday 11:30 PM |
| | 4.2 The Efficiency of Competitive Markets | |
| | 4.3 Government Intervention in the Market: Price Floors and Price Ceiling | |
| | 4.4 The Economic Effect of Taxes | |
| | Appendix: Quantitative Demand and Supply | |
| 5 | Exam 1 (Chapters 1, 2, 3, 4) | |
| | 8.1 Gross Domestic Product Measures Total Production | |
| | 8.2 Does GDP Measure What We Want It to Measure? | |
| 6 | 8.3 Real GDP versus Nominal GDP | Homework Chapter 8 due by Friday 11:30 PM |
| | 8.4 Other Measures of Total Production and Total Income | |
| | 9.1 Measuring the Unemployment Rate, the Labor Force Participation Rate, and the Employment–Population Ratio | |
| | 9.2 Types of Unemployment | |
| | 9.3 Explaining Unemployment | |
| 7 | 9.4 Measuring Inflation | Homework Chapter 9 due by Friday 11:30 PM |
| | 9.5 Using Price Indexes to Adjust for the Effects of Inflation | |
| | 9.6 Nominal Interest Rates versus Real Interest Rates | |
| | 9.7 Does Inflation Impose Costs on the Economy? | |
| | 10.1 Long-Run Economic Growth | |
| 8 | 10.2 Saving, Investment, and the Financial System | Homework Chapter 10 due by Friday 11:30 PM |
| | 10.3 The Business Cycle | |
| | 11.1 Economic Growth over Time and around the World* | |
| | 11.2 What Determines How Fast Economies Grow?* | |

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|----|---|--|
| 9 | 11.3 Economic Growth in the United States* 11.4 Why Isn't the Whole World Rich?* 11.5 Growth Policies* Exam 2 (Chapters 8, 9, 10, 11*) | Homework Chapter 11 due by Friday 11:30 PM |
| 10 | 12.1 The Aggregate Expenditure Model 12.2 Determining the Level of Aggregate Expenditure in the Economy 12.3 Graphing Macroeconomic Equilibrium 12.4 The Multiplier Effect 12.5 The Aggregate Demand Curve | Homework Chapter 12 due by Monday 11:30 PM |
| 11 | 13.1 Aggregate Demand 13.2 Aggregate Supply 13.3 Macroeconomic Equilibrium in the Long Run and the Short Run 13.4 A Dynamic Aggregate Demand and Aggregate Supply Model | Homework Chapter 13 due by Monday 11:30 PM |
| 12 | 14.1 What Is Money, and Why Do We Need It? 14.2 How Is Money Measured in the United States Today? 14.3 How Do Banks Create Money? 14.4 The Federal Reserve System 14.5 The Quantity Theory of Money | Homework Chapter 14 due by Monday 11:30 PM |
| 13 | 15.1 What Is Monetary Policy? 15.2 The Money Market and the Fed's Choice of Monetary Policy Targets 15.3 Monetary Policy and Economic Activity 15.4 Monetary Policy in the Dynamic Aggregate Demand and Aggregate Supply Model 15.5 A Closer Look at the Fed's Setting of Monetary Policy Targets 15.6 Fed Policies during the 2007–2009 Recession | Homework Chapter 15 due by Monday 11:30 PM |
| 14 | 16.1 What Is Fiscal Policy? 16.2 The Effects of Fiscal Policy on Real GDP and the Price Level 16.3 Fiscal Policy in the Dynamic Aggregate Demand and Aggregate Supply Model 16.4 The Government Purchases and Tax Multipliers No class- Thanksgiving | |
| 15 | 16.5 The Limits to Using Fiscal Policy to Stabilize the Economy 16.6 Deficits, Surpluses, and Federal Government Debt 16.7 Long-Run Fiscal Policy and Economic Growth 18.1 The Balance of Payments: Linking the United States to the International Economy 18.2 The Foreign Exchange Market and Exchange Rates* | Homework Chapter 16 due by Sunday 11:30 PM |
| 16 | Final Exam Week | University scheduled time: TBA |

Key Dates

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|-------------------------------------|---|
| Classes start | Monday, August 26, 2019 |
| Last day to add/drop | Tuesday, September 3 th , 2019 |
| Last day to drop with DR grade | Tuesday, September 3 th , 2019 |
| Last day to add/drop | Monday, November 4 th , 2019 |
| Veterans' Day observed (No classes) | Monday, November 11 th , 2019 |
| Thanksgiving Holiday | Thursday, November 28 th , 2019 |
| Thanksgiving break (No classes) | Friday- Saturday, November 29 th – 30 th , 2019 |
| Last regular class day | Saturday, December 7 th , 2019 |
| Final Exam | Thursday, December 12 th , 2019 |
| End of term | Saturday, December 14 th , 2019 |
| Grade available to students | Thursday, December 19 th , 2019 |

Sources of Additional Macroeconomics Information

- Economics tutor center. The Economics Department has provided a classroom designed to assist students enrolled in various economics courses. The Tutoring Center is located in VH 136, and is open Monday- Friday from 9:00 AM- 5:00 PM. Economics Ph.D. students are available during these times to help with any questions you may have.
- [Greg Mankiw's Blog](#)
- [The Economist](#)
 - Free with Miami Dade Library Card [Miami Dade Library Card](#)
 - Free (UK edition) [FIU- College of Business](#)
- [The New York Times](#)
 - Activate your free access to [NYTimes](#)
- [The Wall Street Journal](#)
 - Activate your free access to [WSJ](#)
- [Mark Thomas's Blog](#)
- [NPR Podcast- Planet Money](#)

Course Policies

Attendance Policy

Class attendance is **required** for all scheduled class lectures. Invariably, students who miss classes fall to the bottom of the grading ladder. Reading the textbook is a complement to the lectures, not a perfect substitute for missing classroom lectures. The lectures may deviate from the textbook, and you can only be aware of the appropriate material if you attend the class. Some material in the textbook may be skipped in the lectures, while other material may be studied in more detail than is presented in the textbook. I will give examples, make clarifications, answer questions, and offer interpretations that may not be found in the textbook. Announcements concerning which material in the textbook will be emphasized or ignored, will be made in class. Students are responsible for all announcements made in class. Students are also responsible for all subsequent changes in the syllabus that are announced. Missing a lecture is no excuse.

Policies on Late Assignments

Late assignments will not be accepted and under no circumstances will make-up homework be allowed. A student who fails to complete the homework before the due date will receive a grade of "0" for the respective assignment or quiz. Deadlines are strictly enforced and are detailed on MyLab Economics, and on Canvas. Please be mindful of these dates, as they will not change.

Academic Integrity and Honesty

Students are required to comply with the F.I.U. university policy on academic integrity found in the [Academic Misconduct](#). Cheating in exams, homework, or any other assignment will not be tolerated. Those found cheating in any way will be reported to the relevant authorities of the university

Accommodations for Disabilities

Reasonable accommodations will be made for students with verifiable disabilities. In order to take advantage of available accommodations, students must register at [Disability Services Office](#).

Discrimination based on race, color, religion, creed, sex, national origin, age, disability, veteran status, or sexual orientation is a violation of state and federal law and/or Florida International University policy and will not be tolerated.