

Introductory Macroeconomic Analysis¹
Syllabus²

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1 Overview

Economics is the study of how individuals, firms and a society as a whole manage scarce resources. This scarcity is the underlying problem we face in many of our decisions; the difficult economic times of the recent years have made this especially apparent. Macroeconomics is the part of Economics that studies the economy as a whole, while often abstracting from the underlying decisions of individual households and firms. Instead we ask many of the questions that are frequently discussed in newspapers, on TV and also in political debates.

This course will focus on the very fundamental questions about functioning of most economies around the world. We will emphasize the differences between outcomes over the short term (less than two years) and the path of the economy over the long term (within a decade or over several decades). We will learn what policy makers can do and cannot do to help the economy get out of a crisis. In addition we look at issues such as the role of the banking system, and the advantages and disadvantages of trading with other countries. This course will provide you with a solid understanding of the economy, help you understand different views of different political parties and allow you to evaluate the short- and long-term effects of proposed and implemented policies.

Materials In this course, we will be mainly using the lecture notes I wrote on blackboard. The reference textbooks are the Principles of Macroeconomics (8th) by Mankiw, and the Macroeconomics (7th) by Hubbard and O'Brien.

Office and Office Hour My office is SSW-B23, located in the Economic Department building basement level. I have a really flexible schedule for office hours; I intend to hold office hour either at my office before Tuesday and Thursday lectures from 5pm to 6pm; you are always welcome to email to schedule more time via xud@bu.

Teaching Assistant TA of the course is Md. Deen Islam. His office hour are Tuesday and Wednesday from 11am to 1pm in the Principle Center (SSW-B17); you are welcome to email him at mdislam@bu.

2 Requirements

I always view the Summer version of any course the harder version. Exactly because of the intensity of requirements a student need to meet, I encourage you to stay on top of things. There will be one final exam, two midterm exams, and three homework assignments.

One Higher Midterm Both the two midterm exams have 100 points. Of the two midterm exams, only the higher one will be counted into the final grade for 40%.

Two Highest Homeworks All the three homework assignments have 100 points. Of the three homework assignments, only the highest two will be counted into the final grade for $2 \times 5\%$.

2.1 Weighted Grade

Therefore, your weighted grade has four components, 50% based on the final exam, 40% based on the higher midterm exam, 5% based on the highest homework assignment, and 5% based on the second highest homework assignment.

Example One Adam has 100 for the homework-1, 96 for the midterm-1, 100 for the homework-2, 92 for the midterm-2, 100 for the homework-3, and 96 for the final. Then his weighted grade is

$$(1) \quad 50\% \times 96 + 40\% \times 96 + 5\% \times 100 + 5\% \times 100 = 96.4$$

Example Two Zack has 60 for the homework-1, does not take the midterm-1 nor turn in the homework-2, and has 72 for the midterm-2, 80 for the homework-3, and 68 for the final. Then his weighted grade is

$$(2) \quad 50\% \times 68 + 40\% \times 72 + 5\% \times 80 + 5\% \times 60 = 69.8$$

2.2 Course Grade

I will implement two methods in calculating the course grade, and assign the higher one as finalized course grade. The ultimate goal of the two-method grading metrics is to encourage hard work while taking into consideration the class as a whole.

Relative Scale In the relative scale method, the course grade is based on the percentile of the weighted score in the class, as illustrated in Column 2 of Table 1.

Absolute Scale In the absolute scale method, the course grade is based on the actual weighted score from four components, as illustrated in Column 3 of Table 1.

Table 1. Course Grade Using Relative and Absolute Scale Methods

Letter Grade	Relative Scale: Percentiles	Absolute Scale: Scores
A	100% - 93%	100 - 93
A-	93% - 90%	93 - 90
B+	90% - 87%	90 - 87
B	87% - 83%	87 - 83
B-	83% - 80%	83 - 80
C+	80% - 77%	80 - 77
C	77% - 73%	77 - 73
C-	73% - 70%	73 - 70
D	70% - 60%	70 - 60
F	60% - 00%	60 - 00

3 Structure

The course has the following five components; I explain them respectively.

3.1 Lectures

We meet on Tuesday, Wednesday, and Thursday of a week, from May 21st to June 28th, at Building EPC Room 203 (Engineering Product Innovation Center, 750 Commonwealth). Each meeting lasts from 6pm to 8:30pm, of which 6pm to 7:10pm is the first class and 7:20pm to 8:30pm is the second, meaning we will take a 10-minute break from 7:10pm to 7:20pm. I will be writing on the real blackboard, which I believe is the most productive way for me and the most beneficial way for students. You are encouraged to take notes, of things I write down which is important, and of things I might not but is good for refreshing your memory.

3.2 Discussions

The discussion each week is on Wednesday from 5pm to 6pm, at the same place. Discussions will either go over the homework assignments or midterm exams; there will be no discussion during the first week.

3.3 Final Exam

There will be one final exam, to be taken in the last meeting of the sixth week. The final exam, different from midterm exams, will be cumulative. Even though everything will be reflected in the final exam, the materials covered in the last third will be focused ($100 = 30 + 30 + 40$). The final exam accounts for 50% of the course grade.

3.4 Midterm Exams

There will be two midterm exams. I plan to give the first during the first meeting of the third week, and the second during the first meeting of the fifth week. I purposely schedule the two midterm exams after the weekends exactly because of the intensity of materials. I will also provide practice exams before the weekends. These two midterm exams are not cumulative, meaning the two midterm exams will only cover the materials in the preceding two weeks.

3.5 Homework Assignments

There will be one homework assignment in week one, three and five, away from the midterm and final exams. Week X 's homework assignment will be posted before the start of the first meeting of week X so you should be able to gradually finish them after lectures. Week X 's homework assignment will be due at the start of the first meeting of week $(X + 1)$; it will be given back to you during week $(X + 1)$'s discussion session. The homework assignments are not cumulative; usually they are in a format similar to exams. Your answers to homework assignments must be turn in in a physical form. Email submissions are not accepted.

4 Schedule

4.1 Weekly Summary

The following lists tentative schedule for each week with reference in the textbooks, where “M” refers to Principles of Macroeconomics (8th) by Mankiw, and “HO” to Macroeconomics (7th) by Hubbard and O’Brien.

Week One The general topic of this week is Introduction to Macroeconomics. We will first discuss the ten principles of economics, and apply the principles to the day-to-day thinking. Then we will see how a economist approach problems as a scientist, using two examples, the circular flow diagram and production possibility frontier. Lastly, we will learn the demand-supply framework that is critical in macroeconomic analysis. (M1, M2, M4, M6; HO1, HO2, HO3, HO4)

Week Two In week two, we will start to analyze some basic, key macroeconomic variables. The first is the wealth of a nation, the GDP, the second is the cost of living, the inflation, and the third is the unemployment. We will understand the economic concepts, the key determinants, the mathematical calculations of these variables, but most importantly, we will gradually develop big-picture understanding of how economic variables function with dynamics. (M10, M11, M15; HO8, HO9)

Week Three We will look at the economic activities from two different frameworks this week. We will first look at economic activities via production; we will be interested in the input of production and in the source of growth. Secondly, we will look at economic activities via expenditure; we will separate the income from production by the different ways of expenditure. Combining the two frameworks together, we will have a better grasp of how economy links different participants. (M12, M13, M18; HO10, HO11)

Week Four We will have central bank and government in the economy starting from this week. There are two types of policies in the economy, namely the monetary policy from the central bank and the fiscal policy from the government legislature. We will see how the policies affect the economy via direct impact or, more frequently, via indirect impact by providing the desired incentives and/or disincentives. (M16, M17, M21; HO14, HO15, HO16)

Week Five In week five, we will put everything together and analyze in the aforementioned demand-supply framework. We will learn how, in aggregate, the demand and supply are determined and more importantly, they together pins down the equilibrium, in both the short- and long-run. We will also learn the Phillips curve in a similar framework. (M20, M21, M22; HO12, HO13, HO17)

Week Six The last week will introduce cross-economy trade and analyze an open economy. The key takeaway from this week is that everyone will be better off with trade; a small open economy is analyzed as an example to illustrate the point. (M3, M9, M19; HO7, HO18, HO19)

4.2 Important Dates

The important dates are listed in Table 2; I hope this schedule will help in planning forward-looking. Additionally, the following three dates are from University registration calendar. The last day to add/drop/audit classes is Tuesday, May 28; the last day to drop with a 'W' grade is Thursday, June 13; the course evaluation is Wednesday, June 26.

Table 2. Schedule of Important Dates

Calendar Date	Class Date	To-do List(s)
May-21	Week-1: Lec-1	Homework-1 Posted
May-28	Week-2: Lec-1	Homework-1 Due
May-29	Week-2: Dis	Homework-1 Returned
May-30	Week-2: Lec-3	Practice Midterm-1 Posted
June-04	Week-3: Lec-1	Homework-2 Posted; Midterm-1 In-Class
June-05	Week-3: Dis	Midterm-1 Returned
June-11	Week-4: Lec-1	Homework-2 Due
June-12	Week-4: Dis	Homework-2 Returned
June-13	Week-4: Lec-3	Practice Midterm-2 Posted
June-18	Week-5: Lec-1	Homework-3 Posted; Midterm-2 In-Class
June-19	Week-5: Dis	Midterm-2 Returned
June-20	Week-5: Lec-3	Practice Final Posted
June-25	Week-6: Lec-1	Homework-3 Due
June-26	Week-6: Dis	Homework-3 Returned
June-27	Week-6: Lec-3	Final In-Class

5 Policies

5.1 Attendance Policy

Attendance is expected in all lectures, but I will not take attendance.

5.2 Electronic Devices

I understand that the electronic recording of notes will be important for class and so computers will be allowed in class. Please refrain from using computers for anything but activities related to the class. My understanding is that, on the other hand, cell phones are usually not a good choice of taking notes electronically.

5.3 Eating and Drinking

I will follow the “Library Rule” in the class, meaning eating is prohibited and drinking is OK. Also, given the time of lectures, please do not to eat your dinner in class.

5.4 Late Submission

The rule of thumb is to do anything to avoid late submission of anything. Late submission will be accepted for no penalty if and only if a valid excuse is communicated to me before the deadline.

5.5 Academic Conduct

The Boston University Academic Conduct Code is available at

<https://www.bu.edu/academics/policies/academic-conduct-code/>

You need to read the CAS Academic Conduct Code. Academic misconduct involves not only direct cheating on tests, but some more subtle acts as well. All work handed in for credit must be your own, with the exception that you may quote or paraphrase from other sources if you also cite the reference and page number. It is generally not permissible to use another student’s work, even if you cite that work. I will report cases of suspected academic misconduct to the Dean’s Office. Confirmed cases of misconduct may result in a failing grade on the exam or assignment and can lead to temporary suspensions from the university.

5.6 Student Athlete

The Boston University Student Athlete Code of Conduct is available at

<http://www.bu.edu/policies/studentlife/student-athlete-code-of-conduct/>

The structure of the course allows potentially miss of one midterm exam. If you must miss the other midterm exam due to participation in a University athletic event, I will need a letter from the athletic department at least one week before the event.

5.7 Accommodations for Disabilities

Students with disabilities (learning, medical, physical) who wish to receive academic accommodations or auxiliary aids are required to submit the appropriate documentation to verify their eligibility under the Americans with Disabilities Act of 1990 (ADA). Students should be in contact with the BU Office of Disability Services (<https://www.bu.edu/disability>). Students who are approved to receive special accommodations should see me as soon as possible, preferably after the first class.