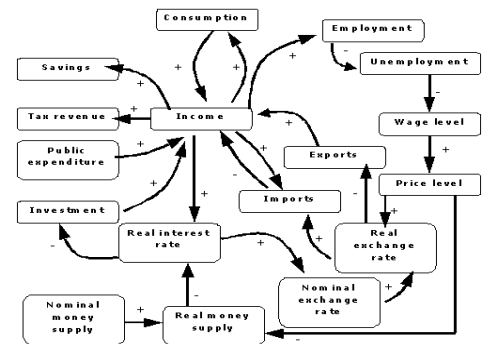


Introduction to Macroeconomics 220:103:01
revised 1/11/2013



What's macroeconomic austerity? And why does this matter to YOU (**fiscal policy**)? How do we lower the unemployment rate (**stabilization and growth**)? Was the **great recession** avoidable? What did economists and politicians do wrong? Right? (**fiscal and monetary policy**) Could it have become a **depression**? What caused it? What did we do about it? Why does it matter? What's going on in Europe? And how does it matter to us? What's **GDP** and why is it "gross"? What causes **unemployment** and what policies can reduce it (want a job?) What's

inflation, and what harm does it cause? How do **interest rates** matter? How fast will our economy and our wealth **grow**? What is **money** and what role does it have in the economy? Why do **banks** matter? What's the **Fed** and what is it doing now? What are **monetary** and **fiscal** policies? What does China have to do with the U.S. economy? What does China's **exchange rate** have to do with anything? What's bad about **government deficits** and the national **debt**? The **trade deficit**? How does **international trade** impact our economy? What are the roles of the **stock market** and the **financial system** and how can you make (and lose) a fortune (**personal investing**)?



Macroeconomics studies the behavior of the aggregate economy and deals with the determinants of a **nation's output and income**, the determinants of the average **level of prices and their rate of change** (inflation), and the determinants of **growth** in an economy. While an **Introductory Microeconomics** course is **highly recommended**, it is not required if one is prepared to quickly catch-up (but *if you have a choice, take Micro first*). Above all, this is intended to be an **interesting, important, useful, and demanding** course dealing with issues you will certainly face in your **private, public, and professional lives** and which will provide you with **useful and usable skills and insights** (and some **cookies**).

Instructional Goals: Consistent with the *Learning Goals of the Economics Department*, students will develop and demonstrate economic literacy, numeracy, citizenship and scholarship in the area of introductory macroeconomics. Specifically, students who satisfactorily complete Introduction to Macroeconomics will understand and be able to articulate the core principles, concepts and theories of modern macroeconomics (the basic aggregate demand and supply model, the multiplier, the Keynesian, Classical and Monetarist models, the open-economy macro model, neo-classical and new growth theory, etc). Students will begin to develop the ability to interpret and analyze economic data such as aggregate output, inflation, unemployment and growth rates. Through lectures, discussions, assignments and readings students will become familiar with the theoretical framework of macroeconomics and learn to apply it to the analysis of macroeconomic policy issues. Students will also get smarter and more interesting.

To take this course you *MUST*:

- Have high-speed access to the Internet often. (dorm, library, home, Starbucks)
- Make regular use of Sakai (Rutgers online course management system)
- Get some version of the **required textbook**
- Buy an **iClicker** brand clicker and bring it to class regularly (the same clicker can be used by **ONE** student in multiple classes but **NOT** by multiple students)
- **Regularly attend class**, - **UNEXCUSED ABSENCES MAY BE GROUNDS FOR FAILING THE COURSE**
- **Participate** in class and online chat rooms
- **Complete** graded weekly, on-line **assignments** which, along with reading, will take 4-6 hours per week.
- **LOOK UP REQUIRED MATERIAL NOT CONTAINED IN THE TEXTBOOK.**

You must *NOT*

- use a computer in class. If there is a special reason for needing to use one, please see me.
- use cell phones in class – not for calls, text messaging, or photographs/video.
- come late or leave class early.
- **talk** in class – it imposes external costs on others.
- **Record audio or video** in class without explicit written permission
- ***If any of these are difficult for you, it will be necessary to take the course with a different instructor***

MEETING TIMES, WEB ACCESS, OFFICE HOURS

The class meets MTh 11:30-12:50pm Scott 135 College Ave , and online 24/7.

My Economics Department web page is: <http://econweb.rutgers.edu/sheflin/> - it has a lot of links, some of which you will hopefully find useful. However, virtually all of the course material will ONLY be available through Sakai <http://sakai.rutgers.edu> . You are responsible for checking announcements, grades, and the chat rooms frequently.

My **office hours** will be on Wednesdays, 1:30-2:50 and other times by appointment in New Jersey Hall 403. Note that office hours are to discuss personal issues, the meaning of life, and sailing. Class questions should be asked in class or posted on the chat rooms first.

HOW THE COURSE WILL WORK

- **Before** each week's classes, you will read/print the **ASSIGNMENT** for the **next** week posted under resources in Sakai, and generally available by the Wednesday of the week before it is due (i.e. assignment 2 will be posted by Wednesday of week 1)
- You will do the textbook and supplementary readings, problems, and online graded multiple choice homework and other assigned items contained in the assignment **BEFORE** the first class of each week (generally Monday) Note that the **Supplementary readings** are important, the reading may differ from that shown on the syllabus, and it is **UP TO YOU TO FIND ANSWERS TO QUESTIONS** and problems, even if they are not in the textbook. It is also **ESSENTIAL** to **POST QUESTIONS** on the chat rooms and/or ask in class.
- You will make and use **FLASHCARDS** to help you learn key definitions, concepts, analyses
- You will interact with me and with each other through online chat rooms for homework and other questions you have trouble with, as well as for "when, how, what" questions and other course related issues (email is **ONLY** for very personal issues)
- In class, we'll deal with current events, applications, homework review for tough questions, all in question format with clickers – there will be little or no lecturing.
- We will be playing a stock investing game, and using various simulators and data bases in the course,
- There will be extra credit projects available
- There will be a **COMPREHENSIVE, MULTIPLE CHOICE FINAL EXAM** at the end of the course covering all the material and counting for the majority of your grade, encouraging to learn the material for the **long-run**. (ignore Keynes here)
- You will be reading print and/or online news sources.

GRADING

Grades in the course will be based on **weighted total points** from

- **graded, online, multiple choice homework** due before each class (10%), lowest several dropped
- four **in-class clicker quizzes** (15%), lowest one dropped
- **class participation and testing with clickers** every class (15%) with the lowest X days dropped (X will be revealed late in the course, 0 is a good number)
- a **comprehensive multiple choice Final Exam** reflecting what you know at the end of the course (**60%**)
- There will also be **extra credit projects** worth up to 2%. And lesser extra credit for documented attendance at the Learning Resource Center(s).

Note that students must earn a grade of C or better in this course to major or minor in economics.

Except for documented absence due to participation in official University events or **significant** illness or personal problems, there will be **no excused absences** (clicker points). I will drop the lowest several clicker day(s), the lowest several homework assignments, and the lowest clicker quiz. **SUBSTANTIAL UNEXCUSED ABSENCES MAY BE GROUNDS FOR FAILING THE COURSE AND WILL LOWER ONE'S COURSE GRADE BY A LETTER GRADE (B TO C for example)**

ATTENDANCE is **required** and reflected in clicker points from each class. As noted above, missing a class or two due to illness, etc. will not affect your grade as I will drop the lowest X days clicker points (I will tell you what X is later in the course). If you are out for a substantial period of time due to illness etc., or out due to official university activities, **see me** with documentation.

If you expect to miss **MORE** than two classes because of illness or a family emergency – **SEE ME**, before or after class. While you may use the University absence reporting website <https://sims.rutgers.edu/ssra/> to indicate the date and reason for your absences, **I will not look at this**. You **MUST** see me in person to explain **MULTIPLE** missed classes – do not see me for single classes as up to X are automatically excused (see above)

UNEXCUSED ABSENCE FROM A SUBSTANTIAL NUMBER OF CLASSES WILL LOWER YOUR COURSE GRADE BY AT LEAST ONE LETTER GRADE regardless of your other work.

TEXTBOOK - there should be **used copies around** – New Jersey Books, Barnes and Nobles, etc. I will make the first chapters available on our course site.

<https://students.flatworldknowledge.com/course/1520613> to see choices and order online

DO NOT ORDER A COPY FROM BULGARIA THAT WILL NOT ARRIVE UNTIL THE COURSE IS OVER

The textbook is **Principles of Macroeconomics** by Libby Rittenberg and Timothy Tregarthen **Version: 2.0** 2012 (watch out, that's **MACRO** not micro and the author is **RITTENBERG** – all macro books are called macro, check the author and make sure it is mAcro (principles)). We will be using the **new VERSION 2**. Version 1.1 would probably work, but you are responsible for noting differences and reading the newer material.

Several alternative bundles are available online from : <http://students.flatworldknowledge.com/>

You can purchase these with a credit card and obtain an access code immediately. Shipping the print book adds \$6.95 and takes at least 7-10 days.

- Study Pass, \$19.95 (*Online book, plus study and note-taking features*) –no print book
- All Access Pass, \$34.95 (*Study Pass, plus a variety of digital formats*)- no print book, but you can print your own
- Print textbook **only**, \$39.95 (black & white) – no online access (not sure if this is still available)
- VIP Pass, \$49.95 (*All Access Pass, plus a print textbook*) –everything

Note, the Study Pass only allows you to read the book online. The All Access Pass allows you to download and print a pdf version as well. The VIP gives you online and print

I have ordered some copies of the All Access Pass for the Barnes and Noble CAC

There are a number of other 'standard' and very expensive Introductory Macroeconomics textbooks. You may wish to pick up a used copy of one as a supplement if you feel you need it) Two bestsellers are by Paul Krugman (Macroeconomics 2nd or 3rd edition) or Greg Mankiw (Principles of Macroeconomics 4-6th editions) Note that I will not refer to or follow these books. Some students have found them helpful.

In addition, Greg Ip's **The Little Book of Economics: How the Economy Works in the Real World**, about \$12 – a good, policy oriented layman's treatment of current macroeconomic issues (this will be one of the extra credit choices later in the course). And maybe Paul Krugman's **End This Depression Now** –a good introduction to (Krugman's) macro, also to be on the extra credit list later.

iCLICKER

We will be using **iClicker brand** clickers which sell for about \$33 new, with many available used for less. You **MUST** have your own clicker – **it cannot be shared even with a friend in a different class**, but it can be bought used, or borrowed from someone who is not using it this semester. You must bring your clicker to every class and must not bring someone else's – there will be frequent checks for clickers that are in class when their owners' are not.

There are 3 models of iclicker – the original one, an iclicker+ replacement for it and the iClicker2, slightly more expensive, small screen, alphameric entry, - any will work for this course. The only advantage of iclicker2 for you is possible use in future courses that may require it.

ACADEMIC INTEGRITY

Do not cheat, the penalties are severe, it is wrong, and in the long-run, you will not benefit. Do not:

- have someone click your clicker when you are not in class,
- talk about clicked questions unless you are told to do so,
- copy someone else's homework or have someone help with yours,
- use the text or other sources when doing the homework

Using someone else's words or thoughts without citing them is also cheating.

LEARNING CENTERS provide tutoring. There will be (small) extra credit given for every time you go. <http://rlc.rutgers.edu/contact.shtml> More information in class.

AUDIO-VISUAL RECORDING (sound, still photos, video) OF CLASS is NOT permitted without explicit written authorization of the instructor and notification of other students in the class, except where notification from the Office of Disability Services is provided.

CALENDAR

Note that we are covering the material in a somewhat different order than the text We will cover all of it by the end of the course *There are additional required readings shown on each week's assignment which will be posted in Sakai.* The syllabus shows the week, the chapters and sections in Rittenberg to be read *before* that week, and the weeks when we will talk about advising issues and investment issues. **YOU MUST LOOK AT EACH WEEK'S ASSIGNMENT IN SAKAI (click on resources) TO SEE ADDITIONAL READINGS, AND CHANGES.**

Week Beginning: (Monday date)	Assignment & hw due	Topic and notes	Textbook Chapters (addit'l readings will be in the posted assignments in Sakai)
1 1/20	1	Economic and Macroeconomic Issues– <i>1 class</i>	1, 2-only section 1 FACTORS OF PRODUCTION, 5.1 GROWTH OF REAL GDP AND BUSINESS CYCLES
2 1/27	2	Demand, Supply and the Meaning of (Economic) Life <i>last day to drop 1/28, to add 1/29</i>	3, 4
3 2/3	3	The Short-Run Keynesian Aggregate Supply and Demand Model <i>advise 1 invest 0 – overview h</i>	7
4 2/10	4	National Income Accounting – GDP <i>invest 1-stock</i> Clicker Quiz 1	6
5 2/17	5	Fiscal Policy, Consumption and Investment <i>resume Cfuncest advise 2 res</i>	12, 13, 14
6 2/24	6	Money, Banking and the Financial System <i>invest 2-more stock</i>	9 (omit section on Fed), 10 (just the section on demand and supply for money)
7 3/3	7	The Fed & Monetary Policy in the Keynesian SR Model Clicker Quiz 2	9 (just the section on Fed), 11
8 3/10	8	Price Indices, Inflation and the Short-Run Phillips Curve	chapter 5, section 2 “PRICE LEVEL CHANGES” only and chapter 16, first section “RELATING INFLATION AND UNEMPLOYMENT” and first part of second section “The PHILLIPS PHASE” only
3/17		SPRING BREAK	

9 3/24	9	The Long-Run/Classical Model <i>Presidential game</i> <i>Last day to withdraw with a W is 3/24</i>	7, and parts of 11,12,16 (see assignment)
10 3/31	10	Unemployment and Wages <i>invest 3-mutual funds advise 3 Clicker Quiz 3</i>	5 (section 3 only on UNEMPLOYMENT) chapter 16 (section 3 INFLATION AND UNEMPLOYMENT IN THE LONG-RUN)
11 4/7	11	Economic Growth & Present Value <i>invest 4-bonds</i>	8, 19
12 4/14	12	Growth Policy / International Macro <i>hp</i>	
13 4/21	13	International (Open Economy) Macroeconomics <i>Clicker quiz 4 invest 5 – derivatives</i>	15, 10-just the section on Foreign Exchange Markets. Additl reading in assignment
14 4/28	14	Macroeconomic Issues and Controversies – Government Deficits, Stabilization, Evolution of Macroeconomics	17 and parts of 12 and 11 (see assignment for details)
15 5/5	15	Single class Financial Crisis/Great Recession of 2007-9 <i>1 class</i>	
		FINAL EXAM THURSDAY MAY 8 at 8 AM (when the sun is coming up) (do not make travel plans for this date)	