



University of International Business and Economics International Summer School

ECON 302 Intermediate Macroeconomics

Term: May 28 – June 28, 2018

Instructor: Neal Rappaport

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Class Hours: Monday through Thursday, 120 minutes each day, 17:30-19:30

Other Teaching Hours: Monday through Thursday, 15:20-17:20 (ECON 301)

Office Hours: Monday through Thursday: 10:00 - 12:00, 13:00 - 14:30; Friday schedule will be announced in class and subject to variation.

Discussion Session: 2 hours each week

Total Contact Hours: 66 contact hours (45 minutes each)

Credit: 4 units

Course Description and Objectives:

The primary goal of this course is to help you develop a consistent way of thinking about some key macroeconomic phenomena. In particular, we will try to address the following type of questions:

- ❖ What drives economic growth? What explains the large differences in economic performance across different countries of different times? What is the role of policy in economic growth?
- ❖ What are the determinants of consumption and saving? How do they matter for both the long run and the short run?
- ❖ Why are people unemployed? What should the government do about unemployment?
- ❖ Why does macroeconomic activity fluctuate? How do different shocks and policies affect employment, output, investment and consumption over the business cycle?
- ❖ Should the government try to stabilize the economy against business-cycle fluctuations, and how? Is it better to restrict what the government can do even if it is fully benevolent, or should we give full discretion to the government?

We will shed light on all the above questions. However, do not expect a simple answer to any of these questions—there is no simple answer! Rather, what you should aim for is to develop a framework for studying these questions, along with some empirical guidance. We will review some of the key lessons research in macroeconomics has reached over the years—lessons that will help you understand why certain policy questions remain the topic of hot debate in both the academic and the political arena.

Required Textbook:

N. Gregory Mankiw, *Macroeconomics*, the 9th edition, [Macmillan Learning](#), USA 2016 (older editions such as 8th and 7th editions are also acceptable).

Teaching Approach of the Course:

- ✧ Stress the basic principles of economics
- ✧ Avoid nonessential material
- ✧ Explain difficult concepts patiently
- ✧ Use concrete examples

Course Grades:

Your grades are based on a total of 500 points, which are acquired as follows:

3 Exams	= 300 points total and 100 points for each exam.
- Exam 1	will cover Parts I and II of syllabus
- Exam 2	will cover Parts III and IV of syllabus
- Exam 3	will cover Parts V and VI of syllabus
3 Homework Sets	= 150 points total and 50 points for each.
Attendance	= 50 points total and 3 points for each class
Total	= 500

Grades are based completely on the work listed above. NO extra credit work is given under any circumstances.

Exams: Three exams which will cover the parts as described in the syllabus. The exam are non-comprehensive and each exam consists of a mix of problems, short answers and essay questions. The exams are closed book and closed note. Please note that NO MAKE-UP EXAMS WILL BE GIVEN.

Homework: Three homework sets are distributed during the course in order to give you practice working with the concepts introduced in the class and also to prepare you for the exams. Homework serves as a sample exam in the sense that their questions are similar to those of exams in topics, difficulty degree, and number of questions. The failure to try all questions is viewed as an indication of lack of effort, besides costing you the points you could have earned on the homework.

Notes:

1. Some of the homework questions may be taken from the required textbook. Answers to these questions are available online or in published materials. As a requirement to receive credit on the homework, you must state and sign that you did not consult any online or published materials to directly obtain or check the answers to these questions. No points will be given for homework submitted without this certification:
 - *" I certify that I did not consult any online or published materials to directly obtain or check the answer to any question in this homework set." Signed...*
2. You are encouraged to work in groups of two or three to work homework sets. Each individual must submit their own homework sets in order to gain credit.

When in doubt about any policy, please ask me.

Grading Scale:

Assignments and examinations will be graded according to the following grade scale:

A	90-100	C+	72-74
A-	85-89	C	68-71
B+	82-84	C-	64-67
B	78-81	D	60-63
B-	75-77	F	below 60

Grading Policies:

- (1) If you miss an exam without an excused absence, you will receive a zero on it. No make-up exams are given.
- (2) If an illness or some emergency prevents you from attending class, or taking one of exams, please try to discuss this with me **before** the class and the exam. Documentation (notification from doctor, for instance) *may be* required. If you don't contact me until after the exam, documentation *will be* required. If you are excused from one exam, then other exam will be worth 150 points (rather than 100 points) for each. Similar policy applies for homework. You also will not lose 4 points for attendance if you contact me before the class.
- (3) **Late homework will not be accepted** because the answer key is distributed on the due day.
- (4) Anyone caught cheating on any exam or quiz will receive an "F" in the class and will have their case referred to the Student Judicial Office for additional disciplinary action.

Course Outline: (Chapters refer to the Mankiw textbook) You are expected to read the chapter before coming to class. Date next to reading is the day we will cover material in the class.

Part I: Introduction

28 May, Monday: Chapter 1. The Science of Macroeconomics

28 May, Monday: Chapter 2. The Data of Macroeconomics

Part II: Classical Theory: The Economy in the Long Run

29 May, Tuesday: Chapter 3. National Income: Where It Comes From and Where It Goes

29 May, Tuesday: Chapter 4. The Monetary System: What It Is and How It Works

30 May, Wednesday: Chapter 5. Inflation: Its Causes, Effects, and Social Costs

31 May, Thursday: Chapter 6. The Open Economy

4 June, Monday: Chapter 7. Unemployment and the Labor Market

- **5 June, Tuesday: EXAM 1 covering parts I and II.**

Part III: Growth Theory: The Economy in the Very Long Run

6 June, Wednesday: Chapter 8. Economic Growth I: Capital Accumulation and Population Growth

7 June, Thursday: Chapter 9. Economic Growth II: Technology, Empirics, and Policy

Part IV: Business Cycle Theory: The Economy in the Short Run

11 June, Monday: Chapter 10. Introduction to Economic Fluctuations

12 June, Tuesday: Chapter 11. Aggregate Demand I: Building the IS-LM Model

12 June, Tuesday: Chapter 12. Aggregate Demand II: Applying the IS-LM Model

13 June, Wednesday: Chapter 13. Open Economy Revisited: The Mundell-Fleming Model and the Exchange-Rate Regime

14 June, Thursday: Chapter 14. Aggregate Supply and the Short-run Tradeoff Between Inflation and Unemployment

- **18 June, Monday: EXAM 2 covering parts III and IV**

Part V: Topics in Macroeconomic Theory

19 June, Tuesday: Chapter 15. A Dynamic Model of Economic Fluctuations

20 June, Wednesday: Chapter 16. Understanding Consumer Behavior

21 June, Thursday: Chapter 17. The Theory of Investment

Part VI: Topics in Macroeconomic Policy

25 June, Monday: Chapter 18. Alternative Perspectives on Stabilization Policy

26 June, Tuesday: Chapter 19. Government Debt and Budget Deficits

27 June, Wednesday: Chapter 20. The Financial System: Opportunities and Dangers and Epilogue

- **28 June, Thursday: EXAM 3 covering parts V and VI**