## EC101A: PRINCIPLES OF MACROECONOMICS Summer 2016 (June 6 – July 15) Dr. Sanjay Paul

**SYLLABUS**

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Office hours and contact: You may contact me by email any time. I will attempt to respond within 24 hours, excluding weekends and travel periods. On certain days, which I will indicate each week, I will host videoconferencing sessions via [*WebEx*](https://etown.webex.com). To participate in these sessions, you must be online on a computer equipped with speakers and microphone.

Course description

The course analyzes the factors affecting output, employment and prices in the economy. We examine how output (gross domestic product, or GDP) is measured through national income accounting. We construct a model of aggregate demand and aggregate supply in an open economy in order to explain fluctuations in GDP and unemployment (i.e., business cycles), and changes in the price level (inflation).

What can the government do to raise employment or reduce inflation? Here, we analyze the role of fiscal and monetary policies. We discuss the appropriateness of cutting (or raising) taxes, reducing (or increasing) government spending, and raising (or lowering) interest rates.

We use the open-economy model to analyze the importance of international trade and capital flows, and to explore the relationship between interest rates and exchange rates.

**Learning outcomes**

In this course, students will be able to:

1. Apply the aggregate demand-aggregate supply model to explain gross domestic product and inflation

2. Discuss the effect of macroeconomic policies on various socio-economic groups

3. Explain the role of central banks and governments in the formulation and conduct of monetary and fiscal policies

4. Analyze the influence of government policies on spending by consumers and firms

5. Describe the methods of building traditional macroeconomic models

**Readings**

The required text for the course is Macroeconomics 4th edition by Krugman & Wells, Worth Publishers. You are required to buy access to *LaunchPad* (the course management system) which includes the e-book. Instructions on how to buy access to *LaunchPad* are available at my course website <http://users.etown.edu/p/pauls/ec101-summer>. (Do not buy elsewhere—you may not get access to the website!)

The total cost of the package is $84.99. You should buy access to *LaunchPad* as early as possible, since we’ll be using it right from the beginning of the term—and you don’t want to fall behind in assignments and blogs.

If you wish to obtain a print copy, you may buy an older edition of the textbook from *amazon.com* or other sites at a relatively low price. But note that you must buy online access to *LaunchPad* for this course, as noted above.

At my course website <http://users.etown.edu/p/pauls/ec101-summer> you will find materials that I have created for the course, including lecture outlines and exercise sets. You should pay *very* close attention to these.

**Evaluation**

Your grade will be based on your performance in tests, assignments and blogs.

* Midterm exam: 30%
* Final exam: 30%
* Assignments: 40%

*Assignments:* Assignments will be will be assigned regularly in *LaunchPad*. I will drop the lowest score in the final calculations. This is intended to provide some leeway in case you are unable to complete an assignment in time for any reason. Assignments must be completed and submitted by 11:00pm on the due date.

*Exams:* The exams will consist of multiple-choice questions, graphs, mathematical problems, and short-answer questions. You will be submitting these via *LaunchPad* as well.

The grading scale is as follows:

100-93% A

92-90 A-

89-87 B+

86-83 B

82-80 B-

79-77 C+

76-73 C

72-70 C-

69-67 D+

66-63 D

62-60 D-  
< 59 F

**Academic integrity**

Students are expected to adhere to the Pledge of Integrity at Elizabethtown College. In this course, you are expected to complete the assignments and tests entirely on your own. You will not discuss the tests or assignments with others, nor will you seek or receive assistance from others in completing them. Any breach of academic integrity will be dealt with in accordance with the policy stated in the [College Catalog](http://www.etown.edu/catalog/).

**Communication etiquette**

* Start emails with an appropriate salutation (Dear Dr. Paul, for example). End them with your name.
* Always provide a subject in the subject line. Include “EC101” in the subject, so that I know right away it is from a student in the class.
* Use standard English, with proper spelling and grammar. If you write “i cant send u my sa til later ttyl”, I will not know what it means and will consequently ignore it altogether.
* Make sure your inbox is not full. If it is, my emails to you will not reach you, and you will be left in the dark. Do not be left in the dark!
* Set your junk mail setting so that all emails from *pauls@etown.edu* make it to your inbox.

**General policies**

Since the course is conducted on an accelerated schedule, deadlines are extremely important. You will have frequent assignments with due dates. Plan ahead. Don’t wait until the last minute to complete your task. Your Internet connection may go down; your computer may crash; (and somewhat less probably) aliens may attack Earth.

In the interest of fairness to others in the class, I will not be able to accommodate late submissions. There are no opportunities for extra credit.

**Disability**

Elizabethtown College welcomes otherwise qualified students with disabilities to participate in all of its courses, programs, services, and activities. If you have a documented disability and would like to request accommodations in order to access course material, activities, or requirements, please contact the Director of Disability Services, Lynne Davies, by phone (361-1227) or e-mail [daviesl@etown.edu](https://mail.etown.edu/owa/redir.aspx?C=JEOgbClQEESZDEiiQ8eK18d9BnSb49AIFhC6FGW5Ppb5EUuMAbRqKSC3sKFlFBGGbU4prGUN-nM.&URL=mailto%3Adaviesl@etown.edu)*.* If your documentation meets the college’s documentation guidelines, you will be given a letter from Disability Services for each of your professors.  Students experiencing certain documented temporary conditions, such as post-concussive symptoms, may also qualify for temporary academic accommodations and adjustments. As early as possible in the semester, set up an appointment to meet with me (or contact me) to discuss the academic adjustments specified in your accommodations letter as they pertain to my class.

**Weekly Schedule**

**(subject to change)**

**Week of June 6 (week 1):**

*Theme: General introduction to the class and the discipline of economics*

Introduction: The Ordinary Business of Life

Chapter 1: First Principles

Chapter 2. Economic Models: Trade-offs and Trade

Chapter 2 Appendix. Graphs in Economics

Assignment 1 due by Wed, June 8

Assignment 2 due by Sat, June 11

**Week of June 13 (week 2):**

*Theme: The model of supply and demand; government intervention in a market economy*

Chapter 3. Supply and Demand

Chapter 4. Price Controls and Quotas

*Theme: Aspects of international trade; introduction to macroeconomics*

Chapter 5. International Trade

Chapter 6. Macroeconomics: The Big Picture

Assignment 3 due by Wed, June 15

Assignment 4 due by Sat, June 18

**Week of June 20 (week 3):**

*Theme: How economists measure macroeconomic variables*

Chapter 7. GDP and CPI: Tracking the Macroeconomy

Chapter 8. Unemployment and Inflation

Assignment 5 due by Wed, June 22

Assignment 6 due by Sat, June 25

**Midterm Exam on Mon, June 27 from 7:00–10:00 pm.**

**Week of June 27 (week 4):**

*Theme: Macroeconomic Models*

Chapter 9. Long-Run Economic Growth

Chapter 10. Savings, Investment Spending, and the Financial System

Chapter 11. Income and Expenditure

Assignment 7 due by Wed, June 29

Assignment 8 due by Sat, July 2

**Week of July 4 (week 5):**

*Theme: Equilibrium GDP and inflation; fiscal policy*

Chapter 12. Aggregate Demand and Aggregate Supply

Chapter 13. Fiscal Policy

Chapter 13 Appendix: Taxes and the Multiplier

Assignment 9 due by Tue, July 5

Assignment 10 due by Wed, July 6

Assignment 11 due by Sun, July 9

**Week of July 11 (week 6):**

*Theme: How the central bank influences the economy; monetary policy*

Chapter 14. Money, Banking, and the Federal Reserve System

Chapter 15. Monetary Policy

Chapter 16. Inflation, Disinflation, and Deflation

Chapter 17. Crises and Consequences

Assignment 12 due by Mon, July 11

Assignment 13 due by Tue, July 12

Assignment 14 due by Wed, July 13

**Final Exam on Fri, July 15 from 7:00-10:00 pm.**