**Rutgers University** **Department of Economics**

**Summer III 2017 (July 10 – August 16)**

**SYLLABUS: Econ103:H6 Principles of Macroeconomics**

**Class Meetings:** Lectures - MW 6:00 – 9:40pm, SC 116

**Instructor**: Prof. Basanta Chaudhuri

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Office: NJH (New Jersey Hall) 102

**Office hours**: Mon/Wed 4:30-5:30pm and by Appt. (Tel: 848-932-8611)

**IMPORTANT Announcement**: Read this syllabus very carefully. You are responsible for all information and materials in it. I do not accept any excuse of “I didn’t know that” nature. **The final exam in summer is given on the last day (Wed, Aug 16) of our class, so make sure you do not miss it**! Course website will be managed via **Sakai**. The Department of Economics maintains a comprehensive web site at (<http://economics.rutgers.edu> ). This should be your first stop for virtually all of your economics inquiries. On the web site you will find information on the major, job opportunities, career choices, the faculty, library resources, and internet resources. My web page is (<http://econweb.rutgers.edu/chaudhur> ).

**Macroeconomics** is the study of the economy as a whole, understanding the big picture involving macroeconomic aggregates like national product and national income, unemployment rate, inflation rate, productivity and economic growth, money and banking, the Federal Reserve Bank, monetary and fiscal policies, government budget, taxes and national debt.

**Course Description**

This course is about macroeconomic principles, issues and problems. The purpose is to develop a logical, conceptual and analytical understanding of macroeconomic principles and to deal with problems associated with the allocation of resources and trade-offs, basics of supply and demand, economic problems of aggregate output, unemployment and inflation, business cycles and stabilization policies, money and banking, and fiscal and monetary policies. Most of these concepts and problems will be discussed with reference to the American economy (contemporary and historical).

**Pre-requisites**: 01:640:111 and 01:640:112 or 01:640:115 or placement into Calc I or equivalent

**Learning Goals**

The student who successfully completes this course will develop a solid understanding and be able to articulate the core principles of macroeconomics (aggregate demand and supply, unemployment and inflation, the impact of fiscal and monetary policies on the economy etc.). The students will begin to develop the ability to interpret and analyze economic data involving the aggregate output, unemployment, inflation, government budget, taxes and monetary policies by the Federal Reserve Bank. Through the lectures, discussions, assignments and readings the students will become familiar with the theoretical framework of macroeconomics and apply it to various policy issues.

After completing the course students should be able to read and comprehend general interest articles on the economy. In addition their understanding should be solid enough so they are prepared to proceed to the next level where they will study the different schools of thought (**Classical vs Keynesian**) concerning the macro economy.

**REQUIRED TEXTBOOK**:

Krugman, Paul and Wells, Robin (KW): **MACROECONOMICS**, Fourth Edition, Worth Publishers, 2016 (ISBN-13: 978-1429283434) (THIRD EDITION is also OKAY!)

( Website: [www.worthpublishers.com/krugmanwells/macroeconomics](http://www.worthpublishers.com/krugmanwells/macroeconomics) )

STUDY GUIDE to accompany the (KW) TEXTBOOK is optional but you are strongly encouraged to consult it and solve practice problems.

You are expected to read the Wall Street Journal, New York Times, The Economist and other business periodicals on a regular basis. Handouts and reading materials will be made available from time to time. I’ll also post relevant articles (or link to articles) in **Sakai** course website.

**CONTENT AND SCOPE OF THE COURSE**:

Introduction: Economics and the Ordinary Business of Life

Chapter 1: First Principles

Chapter 2: Economic Models: Trade-offs and Trade

Chapter 3: Supply and Demand (Basics – Quick Review)

Chapter 4: Price Controls and Quotas: Meddling with Markets (Brief Review)

Chapter 5: International Trade (Brief Review)

**Midterm 1 (Wed, July 19)**

Chapter 6: Macroeconomics: The Big Picture

Chapter 7: The National (Income and Product) Accounts

Chapter 8: Unemployment and Inflation

Chapter 9: Long-Run Economic Growth

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

Chapter 11: Income and Expenditure

**Midterm 2 (Wed, August 2)**

Chapter 12: Aggregate Demand and Aggregate Supply

Chapter 13: Fiscal 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 (Brief Review-optional)

Chapter 18: Events and Ideas (Brief Review-optional)

Chapter 19: Open-Economy Macroeconomics (Brief Overview-optional)

**FINAL EXAM (Wed, August 16- Last Day of our class)**

**COURSE REQUIREMENTS, ATTENDANCE, EXAMINATIONS AND FINAL COURSE GRADE**:

Tests, Surprise Pop Quizzes (if any) and Homework Assignments: There will be three mandatory exams and several periodical homework assignments. **My exams are not cumulative**. The final course grade is a weighted average:

Mid-Term I (25%), Mid-Term II (25%), Final (30%), and Homework Assignments (15%);

Class attendance will have marginal influence (5%) on the final course grade. There may be few surprise pop quizzes for extra credits which you can take advantage of if you are attending classes regularly.

**Exam Schedule**:

Midterm Exam 1 (**Wed, July 19**, 6:00 – 8:00pm)

Midterm Exam 2 (**Wed, August 2**, 6:00 – 8:00pm)

**Final Examination** (**Wed, August 16 during last day of our class,** 7:00 – 9:40pm, after 1-hour/6:00-7:00pm Review as needed)

**Homework**:

Homework Assignments will be check-marked. You must turn in completed homework on due dates. Delayed HW will not be accepted or will be subjected to heavy penalty.

**Each exam will consist of (at least) 50 multiple choice questions, Materials covered in each exam are not cumulative** but you are responsible for what is covered in lectures and for all required readings in the text. Tests will consist of multiple choice questions only. Some questions will involve numerical problem solving. Graphical tools will be useful in explaining some concepts and required in explaining/answering some questions.

“Improvement” in exam scores will be taken into consideration. There will be no extra-credit assignments (or “special case” term papers/book reports/case studies) available to any student. However, there may be surprise pop quizzes (conceptual, numerical, and/or graphical problem solving) during lectures and these will be counted towards the final grade in the course as extra credits. No make-ups are possible for such surprises!

For exams, you should have a simple calculator, a #2 pencil and a good eraser. Cell phone cannot be used as a calculator. Exams are all closed books/notes.

It is your responsibility to be prepared for the examinations on announced dates. WITHOUT EXCEPTION, the final examination will be given on the last day (**Wed, August 16**) of our class. There will be no make-up examinations, except in dire and documented medical or personal emergencies. Any make-up examination if agreed upon (for valid documented reasons - for example, doctor’s note for emergency medical reasons, appropriate document to prove a car breakdown/accident etc.) will be arranged on a mutually convenient date thereafter. There will be no exceptions. Missed examinations that are not allowed to be made-up, or are not made-up, will be averaged into your final grade as a zero (i.e., if you miss an examination you will not receive automatically an incomplete course grade).

**Grading Scale**:

100 - 90 = A 86 - 89 = B+ 80 - 85 = B

75 - 79 = C+ 61 - 74 = C 50 - 60 = D

Below 50 = F

**Class Attendance and Participation**:

Students are encouraged to attend lectures on a regular basis and are expected to come, prepared, to every class. Your behavior in the classroom is expected to be courteous, respectful and professional. I strongly encourage your class participation at every available opportunity. Attendance will be checked. Regular attendance and active class participation will be given marginal considerations (5%) when assigning a final grade for the course. Class participation is also expected if you desire to be acknowledged. Your prompt arrival to class and not disturbing the class during its duration are highly appreciated. If you need to leave early or arrive late for some valid reason, please let me know, whenever possible, beforehand. Arriving on time is always expected. Leaving before the scheduled ending of class and being tardy are not good etiquette.

**ALERT: DO NOT FORGET** to turn off your cell phones, i-pods, i-phones, smartphones, tablet, earplugs, beepers and other electronic devices. Cell phone cannot be used as a calculator. Use laptops for class materials only.

Note also that grades are not available via the phone or e-mail.

**Academic Integrity**

(Go to <http://academicintegrity.rutgers.edu/integrity.shtml> )

Cheating is totally unacceptable and highly risky for your academic life/career. The University has established rather severe penalties for cheating. You are strongly advised to review Rutgers' policies on cheating (consult the Undergraduate Catalog).

Turn off all electronic devices (cell phones, beepers, i-pods, i-phones, smartphones, etc).

**Self-Reporting Absences**:

Rutgers has a Self-Reporting Absence Website (<http://sims.rutgers.edu/ssra> ). Students are expected to attend all classes. If you expect to miss one or two classes because of illness or a family emergency, please use the University Absence Reporting Website (<http://sims.rutgers.edu/ssra> ) to indicate the date and reason for your absence. An email is automatically sent to me.

**Students with Disabilities**: For policies/procedures/accommodation request, go to <http://disabilityservices.rutgers.edu>

**REMINDER: LEARNING GOALS FOR ECONOMICS MAJORS**

1. Economic Literacy - Students who complete the major in economics should understand and be able to articulate, both orally and in writing, the core economic principles, concepts and theories that form the foundation for modern economic analysis and economic research.

2. Economic Numeracy - Students who complete the economics major should be familiar with the tools, techniques and methods of empirical economics. They should be able to analyze data using computer applications and should be familiar with regression methods and other statistical techniques. They should be able to read and assess general interest articles on economic topics. In addition, they should be able to understand and evaluate key findings in published economic research from a wide range of sources including academic economists, public policy ‘think tanks,’ and government agencies.

3. Economic Citizenship - Upon completion of the major students should be able to apply their understanding of core concepts and quantitative tools to analyze and research real world problems and evaluate alternative economic policy proposals on microeconomic and macroeconomic issues.

4. Economic Scholarship – Qualified majors should have an opportunity through such avenues as advanced coursework, faculty interactions, national and local competitions and honors courses and programs to utilize up-to-date methodological tools and become fully engaged in economic research and issues on the frontiers of economics.

[Department of Economics, Rutgers, The State University of New Jersey, February 2008]

**Student-Wellness Services**:

Just In Case Web App, for a mental health crisis for you are a friend:

<http://codu.co/cee05e>

Counseling, ADAP & Psychiatric Services (CAPS), for non-emergency psychological health issues:

(848) 932-7884 / 17 Senior Street, New Brunswick, NJ 08901 [www.rhscaps.rutgers.edu/](http://www.rhscaps.rutgers.edu/)

Violence Prevention & Victim Assistance (VPVA)

(848) 932-1181 / 3 Bartlett Street, New Brunswick, NJ 08901 [www.vpva.rutgers.edu](http://www.vpva.rutgers.edu) /

Disability Services

(848) 445-6800 / Lucy Stone Hall, Suite A145, Livingston Campus, 54 Joyce Kilmer Avenue, Piscataway, NJ 08854 / <https://ods.rutgers.edu/>

Scarlet Listeners, for confidential peer counseling and referral hotline:

<http://www.scarletlisteners.com/> or call (732) 247-5555