

Econ 201D: Introduction to Macroeconomics Spring 2019

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Lecture: MW, 10:30 am- 12:20pm, THO 135
Office: Savery Hall 319B
Office Hour: By appointment

Disclaimer: This syllabus is tentative and may be subject to change

Overall Description of the Course:

Economists in general agree with the following proposition: economics is not a field of study of something particular. Rather, it is a set of tools and concepts that can be applied to understand a great number of phenomena in the economic and social sphere. We use the tools of the science of economics to study why things are and how they change when a relevant factor or force — that shapes the phenomenon under study — changes. As you read the assigned textbook for this course and attend the lectures, you will find the application of a set of thinking tools to a great number of interesting and important issues. Many of these issues — part of the “conventional wisdom” believed by many — are re-examined from an in-depth and insightful perspective. As the meaning and purpose of higher education goes, this should be truly a higher education experience!

Macroeconomics is the study of economic behavior in aggregate — how an economy grows and changes, and perhaps most importantly, how (if at all) we can manipulate it in order to increase overall welfare. Almost by definition, macro is the study of generating the greatest economic benefits for the greatest number by the most efficient available means. Along the way, we will consider theories of money, trade, unemployment, business cycles and growth.

Course Page: <https://canvas.uw.edu/courses/1272933>. You are responsible for regularly checking it and staying on top of announcements, including the reading and homework schedules.

Required textbook: Krugman and Wells, “Macroeconomics”, 4th Edition, with Sapling. You can purchase it at the University Bookstore, which offers both a physical copy and an e-book for slightly cheaper. You could also get an earlier edition, though it may exclude some of the additional topics or problems at the end of chapters, and you would have to purchase the access to Sapling separately.

Important dates:

Midterm Monday, May 7th

Final ExamMonday, June 10th

Grading:

Midterm35%

Final Exam45%

Sapling homework20%

Homework from Sapling. There will be problem sets assigned in Sapling. These will be assigned approximately weekly and will be automatically graded. The questions in this type of assignment check your understanding of the concepts and, on a few occasions, ask you to analyze a problem using those concepts.

Exams. There will be two exams, both conducted in the lecture hall. Please bring a simple scientific calculator. The final exam is cumulative. Be aware that exams will only be made up in cases of a properly-documented incapacitating illness, a family emergency, or representing the university in approved sports cultural activities. It is your responsibility to plan your departure from campus at the end of the quarter to avoid conflicts with the final exam.

The Department of Economics at UW requires that the median GPA for all undergraduate economics courses fall within the range of 2.8 – 3.1. A student who receives a median grade on every assignment can expect a final GPA somewhere in that range.

Topics and Chapters:

- 1.Introduction to economics and the concepts of scarcity and opportunity cost including some examples and applications. [Chapters 1 and 2.]
 - 2.Supply and Demand, the basic models of markets are trade. [Chapter 3.]
 - 3.Introduction to Macroeconomics, history of macroeconomics as a discipline. [Chapter 6]
 - 4.Macroeconomic Data. What do we look at when talking about the macroeconomy? We will look at GDP, output, income, the price level, and inflation. [Chapters 7&8]
 - 5.Long Run Growth. We will start thinking about what determines output, starting with the long run. We will learn about the role of capital, human capital, infrastructure and institutions. [Chapter 9]
 - 6.Savings and Investment. What determines how much people save, and firms invest? We will look at the function of capital markets and financial markets. [Chapter 10]
 - 7.Income and Expenditure. What determines how much people spend, and how do firms know to produce enough to meet their demand? We will learn the Keynesian Cross, an important model of income and spending, and Multiplier Process of spending. [Chapter 11]
 - 8.We will then add the price level to the story of income and expenditure, completing our theory of what determines economic output and prices. This model of Aggregate Demand and Supply will be our main tool to analyze the macroeconomy. [Chapter 12]
 - 9.Fiscal Policy: How can the government respond to recession? What does the government do with the taxes and spending it carries out? [Chapter 13]
 - 10.Money and Banking. We will show that money is a very special financial asset, and that banking plays a very special role in money creation. [Chapter 14]
 11. Monetary Policy is carried out by the Federal Reserve; we will discuss the history and role of the Fed, and how they can respond to recession using Monetary Policy. [Chapter 15]
 - 12.We will conclude by analyzing an important episode of Macroeconomic history, the Disinflation of the early 80s, and talk about the limits of using Monetary Policy to promote growth. [Chapter 16].
- Or maybe we'll talk about the most recent recession and the important of financial crises. [Chapter 17]. We'll see.

Student Learning Goals. The goals for your learning fall into a couple of categories:

Fundamental Knowledge

- Understand and be able to use macroeconomic terminology
- Explain how the highest-valued alternative foregone is the opportunity cost what is chosen
- Explain who determines the growth of production and prices in the economy
- Analyze the causes of growth and recession.
- Analyze how government policies and different institutional arrangements affect the allocation of resources in an economy

Application

- Use macroeconomic principles to understand and explain economic events and other social phenomena
- Critique the economic content of articles or presentations

How to study effectively:

- Read the relevant parts of the chapter(s) carefully before each lecture. Try to get a good idea of both the questions asked and the approach (the concept and the reasoning process) to addressing the questions in the textbook.
- Take notes during class, but it is not necessary to copy every slide. The slides will be posted online. You are welcome (and, in fact, encouraged) to ask questions during class. Someone else might have the same question!
- After the lecture, attempt the problems and make sure you fully write down the answer to each question using the relevant concepts you have learned. In order to successfully answer a question, ask yourself the following: i) what does the question want me to do? ii) What relevant information does the question provide? iii) How do I go from the given information to the answer? You want to use the concepts and tools for thinking — that you have learned — to answer the question.

Exam Taking Rules:

1. Materials allowed during a closed book exam:

- (a) All books, papers, notebooks, etc., must be placed inside your backpack or other type of bag, which must be securely and fully closed. If you do not have a bag, you must place all your material out of your reach.
- (b) Only a basic 4-function or a scientific calculator may be used during an exam. Graphing calculators will not be allowed. Sharing of calculators is not permitted.
- (c) No other electronic devices can be accessible during the exam. Cellular phones must be turned off before entering the class and placed in your closed bag (not in your pocket). You are not allowed to use a cellular phone during an exam. Doing so will result in the termination of your exam time.

2. Attendance and special accommodation

- (a) If you arrive late to an exam, you cannot expect to get extra time after the official end of the exam to make up for the missing time at the beginning.
- (b) The University of Washington is committed to providing access and reasonable accommodation in its services, programs, activities, education and employment for individuals with disabilities. For information or to request disability accommodation contact: Disability Resources for Students (Seattle campus, matriculated students)

Academic integrity:

Academic integrity is the cornerstone of the Department's rules for student conduct and evaluation of student learning. Students accused of academic misconduct will be referred directly to the Office of Community Standards and Student Conduct for disciplinary action pursuant to the Student Conduct Code and, if found guilty, will be subject to sanctions. Sanctions range from a disciplinary warning, to academic probation, to immediate dismissal for the Department and the University, depending on the seriousness of the misconduct. Dismissal can be, and has been, applied even for first offenses. Moreover, a grade of zero can be assigned by the instructor for the course. Behavior that constitutes academic misconduct includes but is not limited to cheating on exams or quizzes (copying answers from others, using unauthorized materials, a student not taking their own quiz/exam, etc.), copying homework answers, plagiarism.

You may read more at <http://www.washington.edu/cssc/facultystaff/academic-misconduct/>