

University

**Economics Department
Macroeconomics
Fall 2020**

Professor:

Dr. Davood Taree

Email: dghasem@newark.rutgers.edu

Office hour: Mon: 4:00-5:00 PM , BA

Course Information:

Course Number: ECON-102-03

Mon: 2:30- 3:50 PM

Wed: 1:00- 2:20 PM

Course Description:

This course examines the economy at the macro level in the long run, this would simplify learning Macroeconomics.

Attention is given to the concept of supply and demand, the nature and operation of market structures. Other topics include measuring the national income, production and growth, saving, investment, fiscal and monetary policies

Text Book: Karl E. Case, Ray C. Fair, Sharon E. Oster, **Principles of Macroeconomics Plus MyEconLab with Pearson eText (1-semester access) -- Access Card Package, 13th Edition, Pearson, Prentice Hall**

There are a few options to buy the text book as a single copy or with EconLab. ***The EconLab from the Pearson Higher Education is required.*** You are advised to visit www.pearsonhighered.com to find the best option for yourself. Details of various options will be discussed by professor on the first day.

Students are asked to keep abreast of current economic news. Reading of the Wall Street Journal, the Financial Times, Economist, is highly recommended which may be a part of every class discussion. The EconLab from the Pearson Higher Education is required.

Course requirements:

Final grades will be determined by your performance in the three exams and a final on the dates announced in the class and based on the following distribution. You must take **all** exams but **you will drop the lowest exam grade among the first three exams**, that is, the total of three exams will be used to calculate your final course grade. Homework are assigned and should be worked out in the EconLab system with Pearson Higher Education. The homework should be done on time since they are time sensitive, please be aware that **the homework deadline will not be extended**. You will lose the grade of past due homework .We will work out on selected homework in class as time permits.

First Exam	(Sept 23, 2020)
Second Exam	(Oct 14, 2020)
Third Exam	(Nov 11 2020)
Final Exam	TBA

All exams must be taken on the day and time scheduled. There will be **NO Make-up exam** for this course. If you miss any exam for any reason, that will be counted as your lowest exam grade. Absence during the exam days should be fully documented. It is expected that students attend all lectures. Anything covered in class including the materials beyond the text book is eligible for test material. **No extra work** will be given for additional credit unless it is in line with the following arrangement.

Extra credits: Due to importance of following the current events and in order to help students to get a better grades, each student can choose two topics from the list of current events (the list will be posted on the Canvas) ,or topic of their choice related to Economics, and present it at the beginning of a class_Each topic could add 10 additional points to your total possible points. Please keep in mind that we cannot have more than two topics in each class so if you plan to use this option you must do it during the semester, the sooner the better and do not wait till the end since you may not have a chance to do it due to time constraint. The first two students who inform the professor of their intension for presentation on a particular day will be able to present on that day.

NO grades will be given by the e-mail

Class modality

Please note the class meets remotely at the time and day you officially registered for. You must attend all lectures and must be present for the entire class. We will be using blackboard collaborate Ultra for our meetings and you must access it through Rutgers so you will be properly registered for each class. More details will be given on the first day of the class.

Attendance Policy: All assignments are made on the assumption that you will be present in class each day. I reserve the right to change the schedule if needed with proper notice to the class. Attendance will be taken each day. You are expected to attend class regularly and to arrive in class on time and be present for the entire class time period

Penalty: Cheating of any kind will result in an "F" for the course. Duplicating/repeating/copying another student/classmate's past or present work cutting and pasting resulting in plagiarism will be considered as cheating for both parties involved. The University administration will be notified.

Class Participation, Cellular Phones, and Text messaging & Laptops:

Constructive participation is highly encouraged, destructive participation or disturbing the class is discouraged. Having your cellular phone ring during class is very destructive.

Constructive participation means coming to class on time, being in the class regularly and submitting and presenting assignments on time. Let me know your problems ahead of time.

Destructive participation will result in minus grading or in other words fewer points or zero points from the allocated score for the class participation as shown in the key to the grading system. Destructive participation means "disturbing in a way which obstructs professor teaching, delay in handling the class routine, causing classmates not to be able to focus or take notes gainfully."

GRADING SYSTEM

Exams	Points	Grade	Key
		A 339	or more
Exam 1	100	A- 324	338
Exam 2	100	B+ 313	323
Exam 3	100	B 303	312
Exam 4	100	B-- 288	302
		C+ 277	287
		C 252	276
		D 216	251
Homework	40		
Class Participation	20	F 215	or less

Total	360		
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Recommended readings:

- The Wall Street Journal, /daily
- *The Financial Times* (daily newspaper, available online through the ABI INFORM/PROQUEST database on the college library website);
- *The Economist* (weekly magazine, available online through the ABI INFORM/PROQUEST database on the college library website);
- *Business Week* (weekly magazine, available online through the ABI INFORM/PROQUEST database on the college library website);
- *Harvard Business Review* (monthly magazine, available online through the EBSCO/Business Source Premier database on the college library website).

Course Outline:

Given the facts that some of the students are taking this course without any prior knowledge of Economics, there will be a quick review of the introductory subjects covered in the first four chapters.

Chapter 1: The Scope and Method of Economics

- The Scope of Economics
- Introduction to the Mathematics of Economics
 - Graphs, Equations, etc.

Chapter 2: The Economic Problem: Scarcity and Choice

- Scarcity, Choice, and Opportunity Cost
 - Production Possibilities Frontier
- Types of Economics Systems
 - Comparative Advantage, Absolute Advantage, etc.

Chapter 3: Demand, Supply, and Market Equilibrium

- Firms and Households
 - Demand and Supply in Output Markets
 - Input Markets and Output Markets
 - Circular Flow
- Demand and Supply in Product Markets
 - Changes in Quantity Demanded vs. Changes in Demand
 - The Law of Supply
- Market Equilibrium

Chapter 4: Demand and Supply: Applications

- Allocation of Resources
 - Price Rationing

- Market Efficiency
 - Consumer Surplus
 - Producer Surplus
 - Potential Causes of Deadweight Loss

FIRST EXAM (Covers chapters 1, 2, 3, 4)

Chapter 5: Introduction to Macroeconomics

- Macroeconomic Concepts
 - Inflation, Deflation, Stagflation
 - Short-run and long-run growth
 - Unemployment
- Government Influence
 - Fiscal Policy, Monetary Policy, etc.
- Trends in 20th Century U.S. Economy
 - The Business Cycle
 - Trends in the U.S. Economy since 1970

Chapter 6: Measuring National Output and National Income

- Gross Domestic Product
 - Final Goods and Services
- Calculating GDP
 - The Expenditure Approach
 - The Income Approach
- Nominal vs. Real GDP
 - Calculating the Real GDP
 - Calculating the GDP Deflator
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Chapter 7: Unemployment, Inflation, and Long-Run Growth

- Defining and Measuring Unemployment
- The Costs of Unemployment
- The Benefits of Recessions
- Defining Inflation
- Price Indices
- Calculating Price Indices

Second Exam (covers Chapters 5-7)

Chapter 8: Aggregate Expenditure and Equilibrium Output

- Aggregate Output and Income
 - Income, Consumption, and Saving (Y, C, and S)
 - Planned Investment (I)
 - Planned Aggregate Expenditure (AE)
- Equilibrium Aggregate Outcome

- Saving/Investment Approach to Equilibrium
- Adjustment to Equilibrium
- The Multiplier
 - The Multiplier Equation
 - Examples of the Multiplier

Chapter 9: The Government and Fiscal Policy

- Government in the Economy
 - Government Purchases, Net Taxes, and Disposable Income
 - Equilibrium Output: $Y = C + I + G$
- Types of Multiplier
 - Government-Spending Multiplier
 - Tax Multiplier
 - Balanced-Budget Multiplier
- Federal Budget
 - The Budget
 - The Surplus/Deficit
 - The Debt

Chapter 10: Money, Federal Reserve, and the Interest rate

- Overview of Money
 - Definition of Money
 - Private Banking System
- Money Multiplier
- Federal Reserve System
 - Functions of the Federal Reserve
 - Required Reserve Ratio
 - Discount Rate
 - Supply Curve for Money

The Demand for Money

How the Fed controls the Interest Rate

- **Third EXAM (Covers Chs 8-10)**

Chapter 11: The Determination of Aggregate Output, the Price Level, and the Interest Rate

- The Aggregate Supply (AS) Curve
- As in Short Run
- Aggregate Demand (AD) Curve
- The Behavior of the Fed

Chapter 12: Policy Effects and Cost Shocks in the AS/AD Model

- Fiscal Policy Effects
 - F.P effects in the Long Run
- Monetary Policy Effects

The Fed's response to the Z Factors

Chapter 13: The Labor Market, in the Macroeconomy

Classical View of the Labor Market

- o Classical Labor Market and the Aggregate Supply Curve
- o Unemployment and the Classical View

Reasons for Unemployment

- o Sticky Wages
- o Efficiency Wage Theory
- o Minimum Wage Laws

Short-Run Relationship between Unemployment Rate and Inflation

- o The Phillips Curve (Explanation and History of): Long- and Short-Run
- o Aggregate Supply and Aggregate Demand Analysis and the Phillips Curve
- o Expectations and the Phillips Curve

- Long-Run Aggregate-Supply Curve, Potential GDP, and the Natural Rate of Unemployment

Chapter 14: Financial Crisis, Stabilization, and Deficit

- The Stock Market, the Housing Market, and Financial Crisis
 - o Stocks and Bonds
- Time Lags Regarding Monetary and Fiscal policy

Chapter 15: Household and Firm Behavior in the Macroeconomy: a Further look

- o The Life –Cycle Theory of Consumption
- o Interest Rate Effects on the Consumption
- o The Household Sector Since 1970
- o Investment and Employment Decisions

Chapter 17: Alternative Views in Macroeconomics

- Keynesian Economics
- Monetarism
 - o Velocity of Money
 - o Quantity Theory of Money ($MV = PQ$)
 - o Keynesian/Monetarist Debate
- Supply-Side Economics
 - o Laffer Curve
 - o Evaluating Supply-Side Economics

Chapter 19: International Trade, Comparative Advantage, and Protectionism (if time permits)

- Economic Basis For Trade
 - o Comparative Advantage
 - o Absolute Advantage
 - o Terms of Trade
 - o Exchange Rates

FINAL EXAM (Covers chapters 11-15, 17- 18)

