

Econ 1312.0012 - Principles of Macroeconomics
Summer II 2017
M-F 10-11:50.

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Course Description

This course is an introduction to macroeconomics. Here we will focus on the “big picture”. We will examine why economies grow, why recessions occur, what are the causes and consequences of inflation, how the economic decisions of households and firms worldwide are linked together through international markets.

Desired Learning Outcomes

1. Students can explain key economic concepts such as comparative advantage, opportunity cost, present value, real interest rates, etc.
2. Students can explain important macroeconomic concepts such as Gross Domestic Product, inflation, unemployment rate.
3. Students know the sources of long-run economic growth and the causes and consequences of inflation.
4. Students can use a basic model of the macroeconomy to make inferences about the effects of different types of economic shocks and policy.

Text: *Principles of Macroeconomics*, 8 ed., Mankiw, (Cengage), 2016.

Periodicals (not required):

Wall Street Journal - Good daily periodical for economics and business.

The Economist - The best weekly periodical for economics (and international news).

Interesting Economics Blogs:

<http://gregmankiw.blogspot.com/> (a lot of good macro content)

<http://www.econbrowser.com/> (a lot of good macro content)

[The Grumpy Economist](#) (a lot of good macro content but fairly advanced)

<http://www.marginalrevolution.com/> (general econ orientation)

<http://freakonomics.blogs.nytimes.com/> (more micro oriented but still fun)

Course Work

Nine homework assignments (you get to drop one) account for 30%, one midterm exam for 30%, and final exam for 40% of your final grade.

Exam Dates

Midterm exam— Thursday, July 20

Final exam – Friday, August 4

Drop Date: Thursday, July 27

Exam Policy

- (i) Absolutely no cheating. Anyone caught cheating will receive an F for the course and will be brought before the Honor Council for an Honor Code violation.
- (ii) Exam dates are listed on the syllabus. If you are going to be out-of-town on university business, please let me know at least one week ahead of time so that we can make appropriate arrangements. No makeup exams will be given after the regularly scheduled exam.

Course Outline

- 1. Brief introduction and review: Mankiw 1-8
 - Marginal analysis
 - Opportunity cost:
 - production possibilities and comparative advantage
 - Demand and supply
- 2. Macroeconomics: Measurement Mankiw 10-11
 - What is gross domestic product? Inflation? Unemployment?
- 3. Output, unemployment, and asset prices in long run Mankiw 12-15
 - Economic Growth
 - Case study: The Solow Growth Model
 - Savings, Investment, and Interest Rates
 - Financial Markets
 - Case study: Stock prices and market fundamentals
 - Unemployment in long run: natural rate of unemployment
- 4. Money and Prices in the Long-run Mankiw 16, 17
 - Money demand and supply
 - Money and inflation
 - Case study: Banking Crises
- 5. Macroeconomics in the short-run Mankiw 20-23
 - Aggregate demand and supply revisited
 - Business cycles: recessions and recoveries
 - Unemployment vs Inflation
 - Case study: Phillips curve in US
 - Fiscal and Monetary Policy
- 6. International Trade and Finance Mankiw 9, 18, 19
 - Why do countries trade?
 - Exchange rates, international capital flows