

ECON 1100: BASIC MACROECONOMICS

Fall 2019

Tuesday and Friday 1 - 2.15pm. Room LL 506

Instructor: Ettore Gallo
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Office hours: TBA and by appointment.

IMPORTANT: Please always send me an email at least one day before coming to the office hour

Course description

This class offers an introduction to macroeconomics. We will study the aggregate economy over the short and long time horizon. The first part of the course will cover the performance of the economy in the long-run and in particular the determination of national income, the determinants of long-run economic growth, inflation and unemployment. The second part of the course will cover the behaviour of the economy in the short run, including business cycle fluctuations, the design and effects of monetary and fiscal policy, budget deficits and government debt, as well as the basic tools of public and private finance. Finally, we analyze the Great Recession, the policy response to it and the changes it is triggering in economic theory and modern macroeconomics.

Textbooks and course materials

Required text for this class:

- N. Gregory Mankiw, Principles of Macroeconomics (8th edition), South-Western College Pub, 2017
[older editions are fine too, but the numbering of chapters may differ]
- Additional readings provided in class.
- Throughout the course, we will devote some time for group and class discussion of selected topics. Students are expected to be prepared to participate in the discussion as this will be part of their evaluation.

Other useful textbooks (optional) are:

- Brian Snowdon and Howard R. Vane. Modern Macroeconomics: Its Origins, Development and Current State. Cheltenham, UK: E. Elgar, 2005.
- Olivier Blanchard and David Johnson, Macroeconomics, Sixth Edition (Global Edition), Pearson, 2012.

Grading weights and scale

There will be **two quizzes, a midterm and a final exam** for this class. The grade distributions are:

- Two quizzes – max(Quiz 1, Quiz 2) will count for 25% of the grade
- Midterm - 30%
- Final exam - 35%
- Class attendance and participation – 10%

A	95-100
A-	90-94
B+	86-89
B	83-85
B-	80-82
C+	76-79
C	73-75
C-	70-72
D+	65-69
D	60-64
F	<60

Class participation

- Attending lectures and participating in class is **strictly compulsory**. I take attendance. Absences are justified only for reasons of religious holiday, serious illness, death in the student's immediate family, or required participation in a university-sponsored event. Absences can be justified only when accompanied by supporting documentation. The only reasons to miss an exam or quiz are the ones under excused absences. You must e-mail me as soon as possible if there is any conflict with dates of midterm, quizzes, or final.
- Dialogue and questions are strongly and always encouraged. There is no such thing as a stupid question! Moreover, please consider that active participation in class will count towards your final grade.

Policy on Academic Dishonesty

Cheating will not be tolerated in this course. If you are found cheating on an exam, you will be given a failing grade (score of 0).

Important Dates

- a. Quiz 1 - Tuesday, October 1st
- b. Midterm – Tuesday, October 15th
- c. Quiz 2 – Tuesday, November 19th
- d. Final exam during Finals week (TBA)

Course Outline

Week 1: Measuring the Economy: Income, Expenditure and Well-Being

Chapters: 10

Week 2: Measuring the Cost of Living: Prices and Inflation

Chapters: 11

Weeks 3-4: Unemployment and Savings

Chapters: 15, 13

Weeks 5-7: Introduction to Money and Economic Fluctuations

Chapters: 17, 20

Weeks 8-11: The (Contested) Trade-off between Inflation and Unemployment and the Role of Monetary and Fiscal Policies

Chapters: 22, 21

Weeks 12-13: Introduction to Finance and Economic Growth

Chapters: 14, 12

Week 14: "Why did nobody notice it?" - The Great Recession and the Current State of Macroeconomics

- Blanchard Section 1.1
- Lavoie, *Rethinking Macroeconomic Theory Before the Next Crisis*,
<https://www.ineteconomics.org/perspectives/blog/rethinking-macro-theory>
- Other readings TBD