

THE GEORGE WASHINGTON UNIVERSITY
Department of Economics

COURSE AND CONTACT INFORMATION

ECON 1012: Principles of Economics II: (Macroeconomics)
Spring 2016

Common Syllabus for the Following Courses:

Section 10: Tuesdays and Thursdays, 2:20 pm to 3:10 pm, Fungler 103
Section 12: Tuesdays and Thursdays, 12:45 pm to 1:35 pm, Fungler 108
Section 13: Tuesdays and Thursdays, 11:10 am to 12:00 pm, Fungler 108

Students are also required to register for one discussion session.

(Fungler Hall is located at 2201 G Street, NW, Washington DC)

INSTRUCTOR

John Volpe
Campus Address: Monroe Hall, 340
Phone: 301-938-1734 (only if absolutely necessary)
E-mail: jvolpe@email.gwu.edu
Office hours: preferably before but also after each class

COURSE DESCRIPTION

The University Bulletin describes this course as follows:

Continuation of ECON 1011. Major economic principles, institutions, and problems in contemporary life. Macroeconomics—national income concepts, unemployment and inflation, institutions of monetary control. ECON 1011 is prerequisite to ECON 1012

Macroeconomics is about the aggregate behavior of an economy. Economic life depends upon a seemingly infinite number of decisions taken by consumers, businesses, government, and workers. Macroeconomics focuses on the overall consequences of these actions.

Macroeconomics is about understanding the longer-term forces that drive an economy and shape business behavior. One can argue that macroeconomics looks at the forest and not the trees. It deals with aggregates.

In this course, we will be looking at the overall trends in an economy, focusing on the U.S. economy, though other economies will be mentioned where appropriate. We will NOT be looking at those factors that affect individual businesses, consumers, workers or regions of an economy. After an introduction to the subject of economics in chapter 1 of your assigned

textbook, we will focus on the great questions of economic life – inflation and deflation, unemployment, productivity, economic growth, income disparities, international trade and payments, exchange rates, and the like.

In addition, government policies and programs affect overall trends in economic activity, so we will also be looking at monetary and fiscal policies and at regulatory policies to determine their impact on production, prices, international trade, employment, and so on.

COURSE PREREQUISITES

High School Algebra (Algebra I)

Principles of Microeconomics (ECON 1011 at GWU) – must have passed this course

TEXT

R. Glenn Hubbard and Anthony Patrick O’Brien, *Macroeconomics*, 5th edition, Pearson Publishing Company, 2015.

ISBN 10: 0-13-345549-1

ISBN 13: 978-0-13-345549-6

LEARNING OUTCOMES

This course is designed to fulfill the requirements of the Quantitative Reasoning subcomponent of the G-PAC Analysis learning goal. Quantitative reasoning refers to the process of modeling problems of the real world within a formal abstract system, solving those problems using systematic numerical methods of analysis, and interpreting the results. The following links the course learning objectives to G-PAC quantitative reasoning learning outcomes:

G-PAC Quantitative Reasoning

Learning Outcomes

1). represent mathematical information symbolically, Visually, numerically, and verbally

2). articulate precise mathematical definitions and propositions and draw inferences from them

3). use algebraic, geometric, or statistical

ECON 1012

Learning Objectives

*large number concepts (prerequisite)
*two variable graphs (prerequisite)
*the slope of a curve (prerequisite)
*areas of a rectangle and a triangle (prerequisite)
*percentage change – general (prerequisite)
*solving for unknowns (prerequisite)
*solving systems of equations (prerequisites)

*GDP—nominal and real
*labor market conditions -- various indicators
*price indices
*RGDP growth rate
*interest rate – nominal and real

*solve problems using the GDP

calculations to solve problems

equation; calculate RGDP

*calculate RGDP growth rate, inflation rate and various unemployment rates

*use price indices to adjust for inflation

*calculate expected rates of return to assets

*apply the money growth expansion process

4). interpret and explain information represented in mathematical form (e.g., graphs, equations, diagrams, tables)

*understand and apply the circular flow diagram

*understand graphs of the aggregate production function

*understand graphs of foreign exchange markets and the concept of exchange rates

*identify the state of the business cycle using graphs of the aggregate demand-aggregate supply model

When we complete the course, you will have been exposed to and should be able to discuss, in no particular order, the answers to the following questions, among others:

- What is the Gross Domestic Product and how is it measured? How does it differ from the Gross National Product?
- What are price indices and how are they used?
- What is the unemployment rate and how is it measured?
- What is the central role played by aggregate demand in determining the level of national income?
- What are the main determinants of economic growth?
- How does government affect aggregate demand, interest rates, imports, and other key economic variables?
- What do we mean by money, how do we measure it, and how does government influence the supply of money?
- Why do some countries have a standard of living many times greater than that of other countries?
- What are monetary and fiscal policies and what effect do they have on the functioning of the economy?
- What is the relationship between interest rates and inflation, and what effect do interest rate changes have on national income and output?
- What is the relationship between interest rates and exchange rates, and between the value of the U.S. dollar and the price of gold?
- What, if anything, is the tradeoff between inflation and unemployment?
- What causes inflation?
- Should budget deficits be avoided at all costs, what is the relationship between budget deficits and the national debt, and between budget deficits and trade deficits?

- What is the balance of payments, and what does it tell us about U.S. transactions with the rest of the world?
- What is the foreign exchange market and how does it work?
- What is productivity, and how does it grow over time?
- What causes economic booms and recessions?

DISCUSSION SESSIONS

Consistency in attending and participating in the discussion sessions and learning the correct way to approach problems is essential to success in this course. Your Graduate Teaching Assistant will be dividing you into groups and having you solve problems in your discussion sections. Attending your discussion sessions is crucial to your success in this class. Students are expected to arrive on time, prepared to work (bring a ruler and calculator for every session), and to stay for and participate in the entire discussion session. Don't attend if you are going to arrive late, won't stay for the entire discussion session, or are not going to actively participate.

You may not show up at another one of your Graduate Teaching Assistant's discussion sections because you missed your own discussion section. By University policy, your Graduate Teaching Assistant cannot allow students who are not registered for a course to attend. You can only attend the discussion section or lecture that you are registered for.

COURSE COMMUNICATION

Since I do not have an office at George Washington University, I will make every effort to be available especially before but also briefly after class. You can always reach me via e-mail. The Graduate Teaching Assistants (GTAs), with whom you will be meeting regularly during your discussion sessions, will provide you with their availability and other contact information. Please make sure to advise your GTAs of any difficulties you are having with the course. The GTAs will be grading all your exams, so you should direct any questions regarding grading exams to them. However, I am responsible for all final grades for the course.

Blackboard

I use **BLACKBOARD** for a variety of reasons, including posting of readings of interest on topics we are discussing, and occasionally, slides and lecture notes. **BLACKBOARD** is a major means of communication from me to you. I trust each student will log into the **BLACKBOARD** site for the course in which they are enrolled on a regular basis.

Use of E-Mail

Students may not use BLACKBOARD to e-mail the entire class for any reason. All communications to the class must go through the instructor for the course.

Given the large size of each of these classes, your GTAs and I may not always be able to respond to your e-mails in a timely manner. Your best bet is to meet with your GTAs during your regular discussion sessions or during their office hours if the matter is urgent, or with me before/after

class. Use e-mail to inform me or the GTAs about real emergencies and/or excused absences and to ask us for brief clarifications on course-related matters.

GRADING

- Five in-class examinations (15% each) of equal weight toward your final grade for the course.
- See Reading Schedule for dates.
- Each examination will cover material not included in the previous examination.
- Each examination will consist mainly of multiple choice questions but also essay questions and problems.
- The final examination will be administered during the Final Examination Period and will count 20% toward your final grade for the course. **The Final Examination will be cumulative (covering all chapters in the course).**
- Attendance will be taken in Discussion Sessions. Attendance and participation will be worth 5% of your final grade. To earn 5%, you must attend all Discussion Sessions and regularly participate. Missing three Discussion Sessions (even with active participation) will earn you an attendance grade of 4% of your final grade. Missing six Discussion Sessions will earn you an attendance grade of 3% of your final grade. Missing nine Discussion Sessions will earn you an attendance grade of 2% of your final grade. Missing twelve Discussion Sessions will earn you an attendance grade of 1% of your final grade. If you miss more than 12 Discussion Sessions, you will earn zero points toward your final grade.

All examinations will be closed book, no notes, no computers allowed (calculators are allowed)

Grading Issues

Please report your grading issues in writing to John Volpe, not to your Graduate Teaching Assistant.

NOTE: IN ACCORD WITH UNIVERSITY POLICY, THE FINAL EXAM WILL BE GIVEN DURING THE FINAL EXAM PERIOD AND NOT THE LAST WEEK OF THE SEMESTER. PLEASE MAKE YOUR END-OF-SEMESTER TRAVEL PLANS WITH THIS REQUIREMENT IN MIND.

CLASS POLICIES

Attendance

It is expected that all students will arrive to class on time and will plan to stay for the entire class period. Late arrivals/early departures will be very disruptive in classes of this size. **Please make sure to attend only the course for which you are registered. Each of the three common**

courses has a large number of students, and it is necessary to ensure that each student has a seat for the course for which he/she is properly registered.

Late Work/Make-Up Exams

Late work will be accepted, and make-up examinations will be allowed, subject to meeting the requirements listed under **Excused Absences and Required Documentation** noted below.

University Policy on Religious Holidays

1. Students should notify faculty during the first week of the semester of their intention to be absent from class on their day(s) of religious observance.
2. Faculty should extend to these students the courtesy of absence without penalty on such occasions, including permission to make up examinations.
3. Faculty who intend to observe a religious holiday should arrange at the beginning of the semester to reschedule missed classes or to make other provisions for their course-related activities.

[NOTE: for other university policies on teaching, see <http://www.gwu.edu/~academic/Teaching/main.htm>]

EXCUSED ABSENCES AND REQUIRED DOCUMENTATION

The following are considered absences that may be excused, provided adequate documentation of the excused absence is submitted ahead of time. In cases of emergency, I may accept documentation after the absence.

Athletes

All athletes **MUST** submit two (2) copies of the green Athletics Department form with dates of absence at least one week before the absence.

University-Related Events

Such events must be supported by an appropriate letter from the organizing group. The letter must be provided at least one week before the absence.

Serious Illness or Hospitalization

A signed note from a doctor (date of visit as well as doctor's contact information must be on the document) stating that the student is too ill to attend class(es) and requires bed rest for a stated period of time (with dates). A visit to see a doctor does **NOT** count as an excused absence.

Death of Relatives

A copy of the obituary or a funeral notice must be provided.

University-Designated Religious Holidays

See above.

ACADEMIC INTEGRITY

I personally support the GW Code of Academic Integrity. It states:

“Academic dishonesty is defined as cheating of any kind, including misrepresenting one's own work, taking credit for the work of others without crediting them and without appropriate authorization, and the fabrication of information.”

For the remainder of the code, see:

<http://www.gwu.edu/~ntegrity/code.html>

SUPPORT FOR STUDENTS OUTSIDE THE CLASSROOM

Disability Support Services (DSS)

Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in the Rome Hall, Suite 102, to establish eligibility and to coordinate reasonable accommodations. For additional information please refer to: <http://gwired.gwu.edu/dss/>

University Counseling Center (UCC) 202-994-5300

The University Counseling Center (UCC) offers 24/7 assistance and referral to address students' personal, social, career, and study skills problems. Services for students include:

- crisis and emergency mental health consultations
- confidential assessment, counseling services (individual and small group), and referrals

<http://gwired.gwu.edu/counsel/CounselingServices/AcademicSupportServices>

SECURITY

In the case of an emergency, if at all possible, the class should shelter in place. If the building that the class is in is affected, follow the evacuation procedures for the building. After evacuation, seek shelter at a predetermined rendezvous location.

READING SCHEDULE

Week 1: January 12/14 -- Hubbard and O'Brien, Chapter 6, *Firms, the Stock Market, and Corporate Governance*

Week 2: (January 19/21) -- Hubbard and O'Brien, Chapter 8, *GDP: Measuring Total Production and Income*

Week 3: (January 26/28) -- First In-Class Examination During Discussion Period. Hubbard and O'Brien, Chapter 9, *Unemployment and Inflation*

Week 4: (February 2/4) -- Hubbard and O'Brien, Chapter 10, *Economic Growth, the Financial System, and Business Cycles*

Week 5: (February 9/11) -- Hubbard and O'Brien, Chapter 11, *Long-Run Economic Growth: Sources and Policies*

Week 6: (February 16/18) -- Second In-Class Examination During Discussion Period. Hubbard and O'Brien, Chapter 12, *Aggregate Expenditures and Output in the Short-Run*

Week 7: (February 23/25) -- Hubbard and O'Brien, Chapter 13, *Aggregate Demand and Aggregate Supply Analysis*

Week 8: (March 1/3) -- Hubbard and O'Brien, Chapter 14, *Money, Banks, and the Federal Reserve System*

Week 9: (March 8/10) -- Third In-Class Examination During Discussion Period. Hubbard and O'Brien, Chapter 14, *Money, Banks, and the Federal Reserve System, ctd.*

Week 10: NO CLASSES. SPRING BREAK (March 14/19)

Week 11: (March 22/24) -- Hubbard and O'Brien, Chapter 15, *Monetary Policy*

Week 12: (March 29/31) -- Hubbard and O'Brien, Chapter 16, *Fiscal Policy*

Week 13: (April 5/7) -- Fourth In-Class Examination During Discussion Period. Hubbard and O'Brien, Chapter 17, *Inflation, Unemployment, and Federal Reserve Policy*

Week 14: (April 12/14) -- Hubbard and O'Brien, Chapter 18, *Macroeconomics in an Open Economy*

Week 15: (April 19/21) -- Fifth In-Class Examination During Discussion Period. Hubbard and O'Brien, Chapter 19, *The International Financial System*

Cumulative Final Examination – Date Scheduled by GWU during final examination period (to be determined). The Final Examination period runs from **Monday, May 2 – Tuesday, May 10.**

NOTE: IN ACCORD WITH UNIVERSITY POLICY, THE FINAL EXAM WILL BE GIVEN DURING THE FINAL EXAM PERIOD AND NOT THE LAST WEEK OF THE SEMESTER. PLEASE MAKE YOUR TRAVEL PLANS WITH THIS REQUIREMENT IN MIND.