



UNIVERSITY OF NORTHERN VIRGINIA - PRAGUE

Course: Macroeconomics

Course Code: ECON 202

Instructor: Petar Stankov, M.A.

Office Hours: 30 minutes before and after each class or, best, by an appointment.

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Quadmester Offered: Winter 2009. Thursdays, 09:00 – 12:20, Room 344, UNVA

Catalog Description

Introduction to macroeconomics in the context of current problems. National income analysis, money and banking, economic growth and stability, unemployment, inflation, and the role of government.

Course Prerequisite(s)

None.

Course Purpose

This is an introductory course in macroeconomics. It reviews the basic concepts of macroeconomics, and its main purpose is to deliver a firm grasp of those concepts by the end of the course. By the end of the course, students will be able to understand what is the Gross Domestic Product (GDP) and how can it grow; who creates the GDP growth; what is the role of government in the process of creating economic growth; why are money and financial markets important for the entire economy; how can money be managed so that economy grows; what are the economic crises and how can economic policy respond to crises; what are inflation, unemployment, are they always bad for the economy, and what can be done about dealing with them in policy terms.

Required Readings, Text

Textbook: Case, K. and R. Fair (2007). Principles of Economics. 8th Ed.

Supplemental Readings

The Economist magazine: <http://www.economist.com>

Learning Objectives

Upon completion of this course, students will be able to:

1. Understand what is GDP, and its main components, and what drives their growth.
2. Know who the main agents in the economy are, what drives their behaviour, and how does their behaviour affect the state and the prospects of the entire economy.
3. Be aware of how the government and the fiscal and monetary policies can affect the economy.
4. Evaluate policy measures taken by various governments and policy authorities around the globe, and explain their success or failure.
5. Consider the reasons and consequences of the latest financial crisis of the Fall'08, and the policy responses to address the crisis.

Content of the Course

The course is structured in three large parts:

- Introduction to macroeconomics, measuring the economy, participants in the economy and their behaviour.
- Macro markets: goods-, labor- and financial markets.
- Money, central banking and monetary policy.

The topics covered are as follows:

- 1) Introduction to macroeconomics. Measuring the gross domestic product.
- 2) Aggregate demand and aggregate supply.
- 3) Household and firm behavior in the macroeconomy: a further look on the product market.
- 4) Sources of long-run economic growth. Recessions, depressions and unemployment.
- 5) The labor market, unemployment and inflation.
- 6) Money demand, money supply, and the federal reserve system.
- 7) Money, the interest rate, and output: analysis and policy implications.
- 8) The stock market and the economy.
- 9) Macroeconomic issues and policy responses.

Attendance Policy

In accordance with the policies of UNVA, class attendance is required and classes will start promptly at the scheduled time. Students are expected to be on time to class and to return promptly from breaks. If a student arrives 10 minutes late or leaves 10 minutes early this may constitute a class absence. If a student is absent for more than 2 class sessions in a twelve week course, the final grade for the course will be lowered 5% for each additional absence.

Academic Honesty

UNVA has a zero tolerance for plagiarism, cheating and other forms of academic dishonesty. Cheating on exams and quizzes will result in a failing grade for the course. Plagiarism, submitting written assignments that are not your own work, but work copied from, books, articles, internet without citations, papers of classmates and papers prepared by person(s) other than yourself may result in a failing grade for the course. The suspected work will be turned over to the Academic Program Director for evaluation and final decision. See the Student Honor Code for detailed policy. Information on avoiding plagiarism can be found in every Moodle course space in the upper right hand corner.

Course Requirements

There will be two *complementary* ways to learn the basics of macroeconomics: attending lectures, and doing practice exercises at home which will involve solving real-life problems. The more formal one will be the lectures and discussion sessions thereafter. Each lecture will proceed for about 45-60 minutes and will be followed by a 30-45-minute discussion session. Any remaining questions will be discussed with the lecturer immediately after the given lecture or immediately before the next one. Alternatively, if the students prefer, they are encouraged to request clarifications by email. All email requests will be addressed by the instructor either by email or, if deemed important for the class, will be discussed in the beginning of the next lecture. The students may kindly note that the number of requests for clarifications or the number of questions asked by a given student during a Q&A session will not be given any credit when the final grade is assigned. However, learning how to express thoughts in a clear way and asking relevant questions makes a better economist and therefore students are encouraged to ask questions, no matter how irrelevant or insignificant they may seem at a first glance. Further, participation will be rewarded in the way explained below, and will form up to 10% of your final grade.

The less formal part of the teaching process will consist of occasional educational movies that would be shown on several course topics during the semester in the second part of the appropriate lecture. The movies will last for about 30 minutes and will be followed by short quizzes, some of which will be graded. These movie-related quizzes have the purpose of making the students engage actively in listening to a given course topic, and will form up to 6% of your grade. There will also be another set of 7-8 quizzes following each class lecture, and will be given at the beginning of the next lecture. Each one of those will contribute up to 2% to your grade. Thus, overall, the quizzes will form up to 20% of your grade.

All exam questions will be given from a material that has been either covered during the lectures, or asked on a quiz, or given on a homework, or exercised in a discussion session. The final exam will be comprehensive, that is, it will cover all the material from the course. The set-up of the final exam may however give more emphasis to the part of the course covered after the midterm exam. The midterm and the final exam will each form 20% of your grade.

Homeworks will involve solving real-life problems, as well as problems from the end-of-the chapter section of each chapter of the main textbook. Your answers in both the homeworks and the quizzes should address exactly the question asked, and not some other question, then, your answer should be specified clearly in a form of a one-sentence claim. Finally, your claim should be supported with two-three relevant arguments. Otherwise, your answer will not be qualified for a full credit. Homeworks will contribute up to 20% of your grade.

Finally, attendance is important not only to get a chance to participate in class discussions but also for your overall understanding of the concepts covered in class. Moreover, it will give you 10% of your grade: a point for every lecture attended (note that midterm and final exams do not qualify as lectures).

Other Class Policies

- 1) Mobile phones can be switched on but their sound **MUST** be off! Mobile phone usage is **NOT** allowed during the lecture. If you need to use your phone, please quietly leave the lecture hall.
- 2) Mobile phones are **NOT** calculators. You will definitely need a calculator on the exam, and your mobile phone will be switched off during the exam. Therefore, bring a calculator for the exam.
- 3) Laptops are not allowed in class neither for taking notes nor for any other purpose.
- 4) All emails to the teacher regarding either a class question or a request for an appointment will have the subject: "ECON 202 Macroeconomics: a question/request, etc." If you do not address the email in the above way, it risks being considered as spam (unwanted email message). All appointments will be arranged for on the premises of either UNVA or CERGE-EI. All other consultations will be shortly before and after class, for not more than 30 minutes.
- 5) Ideally, all class lecture notes and presentations will be distributed **BEFORE** each lecture on the class web-site and on Moodle, so that students can print them and take notes on them. Therefore, students are responsible for checking the class-webpage at least once a week, and their emails more often.
- 6) **PLEASE BE RESPONSIBLE WITH PRINTERS AND PAPER: PRINT 4 SLIDES ON ONE PAGE, USE THE BLACK AND WHITE COLOR OPTION, AND USE DOUBLE-SIDE PRINTING. THUS, YOU CAN HAVE 8 (!) SLIDES ON ONE PAGE, INSTEAD OF ONLY ONE. ECONOMICS IS ALL ABOUT ACHIEVING MAXIMUM RESULTS WITH MINIMUM RESOURCES☺**
- 7) Additional class policies may be distributed via email and via Moodle. Therefore, check your emails regularly too.

Participation

Contributing to class discussions may affect your grade in your favor. For example, the instructor may assign up to one grade point to the two students who have been the most active during the class discussion. Being active means not just stating a relevant claim. It means stating a relevant claim in response to the question asked by the instructor, and then supporting it with relevant arguments only. Participation will form up to 10% of your grade.

General Requirements

- Late assignments and absence from tests will not be tolerated. In the event of illness or emergency, contact your instructor **IN ADVANCE** to determine whether special arrangements are possible.
- The University's rules on academic integrity (e.g. cheating, plagiarism, submitting false information) will be strictly enforced. Please familiarize yourself with the **STUDENT HONOR CODE** or ask your instructor for clarification.
- Electronic devices may or may not be used in the classroom as determined by the instructor.

Criteria for Determination of Final Grade, including Evaluation Methods

Activity	Percent	Description
Quizzes	20	Each class, on the material covered on the previous lecture, plus additional quizzes after some educational movies shown during the class
Homeworks	20	Up to 4 homeworks based on practical applications of the concepts covered in class
Midterm	20	A multiple-choice exam encompassing the material up to and including week 5.
Participation	10	Contribution to class discussions: a point for the two best participants in each class.
Attendance	10	A point for every lecture attended. Two excuses for class absences for the entire semester are granted. A 5 pts. penalty applies for every missed class after the second excuse.
Final	20	An all-encompassing multiple-choice exam.

Grading Scale

Letter Grade	Percent (%)	Quality Points earned per credit	Generally Accepted Meaning of the Grade
A	91- 100	4.00	Outstanding, distinctive work
B	81 – 90	3.00	Better than average; very good work
C	71 – 80	2.00	Acceptable, good work
D	61 – 70	1.00	Work that is unsatisfactory
F	Below 61	0.00	Work that does not meet minimum standards for passing the course
I*	Incomplete	0.00	A grade will not be given in the course until the incomplete course requirements are met.

*A course grade of incomplete will be given only under very unusual circumstances, and only if the student has completed at least 75% of the assigned work by the last day of class. An incomplete contract must be signed and approved for the grade to be given.

Bibliography (Additional Readings)

- 1) Mankiw, Gregory N. (2007). *Principles of Economics*. 4th Ed. Thomson Southwestern
- 2) Mishkin, Frederic S. (2004). *The Economics of Money, Banking, and Financial Markets*, 7th Ed., Addison-Wesley
- 3) Seccheti, Stephen G. (2006). *Money, Banking and Financial Markets*. First Edition. Irwin Professional Pub
- 4) Levitt, S. and Dubner, S. (2005). *Freakonomics*. William Morrow
- 5) Harford, T. (2006). *The Undercover Economist*. Oxford University Press US
- 6) Rothbard, M. (2000). *America's Great Depression*. The Ludwig von Mises Institute.
- 7) *The Economist* magazine, various issues: <http://www.economist.com>

Date Prepared and By Whom Prepared

December 3, 2008 by Petar Stankov

Date Reviewed