

Department of Economics DePaul University

Macroeconomics: ECO – 106

Winter 2020

Meets: Tuesday/Thursday, 10:10 am – 11:40 pm, 14 E. Jackson 806.

Professor: Ingunn Lonning, e-mail: ilonning@depaul.edu.

Office Hours: Tuesd./Thursd.. 1:30 – 2 pm and by appointment, in DPC 6225 (in the Econ Dept. on the 6th floor of DPC, Loop).

Text: Krugman and Wells, *Macroeconomics*, 5th edition, Worth Publishers.
5th edition: ISBN-10: 1-319-09875-4; ISBN-13: 978-1-319-09875-9.

Additional Readings: Various articles and handouts may be assigned during the quarter. These will be posted on D2L or handed out in class.

Course Description

How difficult or easy will it be to get a job in the near future? Will interest rates on loans go up or down? Should the government try to stimulate the economy to create more jobs? In this class we will discuss economic models that can be used to address these and other questions related to the economy.

We will use fundamental theories of macroeconomics: theories for economic growth, aggregate supply and demand, and national income accounting and analysis. We will analyze what makes economies grow, and the problems of unemployment and inflation, and we discuss policies designed to combat these and other economic problems.

Learning outcomes

After taking this class, students should be able to:

- Use economic vocabulary and methodology and identify the central questions asked in economics
- Calculate nominal and real GDP, the unemployment rate, and the inflation rate based on numerical examples and to discuss the importance of these variables as well as the short-comings of the data
- Locate official economic data and relate data to economic theory
- Discuss theories of long-term economic growth, short-term business cycles and unemployment.
- Use aggregate demand and supply curves to analyze the causes of short-term movements in output, unemployment and the price level and the roles of fiscal and monetary policy in stabilizing the economy.

Student work in this course will fulfill the Social Behavioral and Cultural Inquiry Learning Outcomes and Writing Expectations of DePaul's Liberal Studies Program.

Course Outline

We start with an introduction to basic terminology in economics, how economists work, and the central issues in macroeconomics. As a foundation for macroeconomics, we discuss how to measure economic activity, unemployment, and inflation. We first analyze long-run economic growth and then turn to short-run issues of business cycles. We use a model of aggregate demand and supply to analyze the causes of unemployment and inflation, before we turn to a discussion of the roles of fiscal and monetary policy in stabilizing the economy.

Prerequisites

MAT 130 or equivalent.

Mode of Instruction

Lectures and class discussions.

Home work

There will be weekly online quizzes, and two longer hand-in assignments, in addition to smaller assignments. Details will follow later.

The written assignments are expected to fill the Writing Expectations of DePaul's Liberal Studies Program.

Practice problems

Learning happens when you try to analyze questions and solve problems, in class and at home. There will be additional practice problems posted for each topic we cover in class. The best way to succeed in this class is to make sure you are able to understand and solve these practice problems in addition to the quizzes and other homework.

Other Student Responsibilities

To prepare for class, check the agenda on D2L every week for the topics we will discuss in class that week and relevant readings. On D2L you will also find the syllabus, hand-in assignments, practice problems, hand-outs from class, and exam information.

If you miss a class, you are still responsible for all material discussed. If you are unable to attend class, check D2L for the agenda and hand-outs from class and ask fellow students for notes and relevant information from the class. Please, do not e-mail me to ask for a review of everything covered in the class you missed.

Grading

Value %

Grades are based on home work, a mid-term and a final examination.

Homework

and participation

20

Mid-term

35

Final

45

Total:

100

To reflect any improvement over the quarter, 20% of your grade will be moved from the mid-term to the final if you do better on the final.

Participation evaluation is based both on quantity and quality. Students are expected to attend and participate in classes. Missing 5 classes or more will reduce participation points. In addition, students are expected to demonstrate professional behavior in class. This involves active participation and showing respect by not disturbing others. Walking in and out of the classroom, browsing the internet, and discussing out-of-class topics with fellow students in class disturb. “Stupid questions” are encouraged! Everybody learns from them. There is no grading based on how “smart” questions are.

Exams

There will be a mid-term and a final examination. The final is comprehensive. All material discussed in class or given in home works or practice problems can be used in exams. Textbook material that has not been discussed in class or used in problem sets will not be included on the exams. Before each exam, you will find a general overview of topics included on the exam on D2L.

Exams will be a combination of multiple choice, graphical questions, short answer and essay questions.

No make-up exams will be given. If you know in advance that you will be unable to attend any of the exams, you need to notify me BEFORE the exam. With an excused absence from the mid-term, the points from the mid-term will be reallocated to the final. If you are unable to attend an exam due to a medical emergency, please give notice as soon as possible and provide documentation upon return to class.

Course Outline

Note: The course outline below is tentative. The agenda on D2L will inform you which chapters and pages we will cover each week.

I. INTRODUCTION TO THE COURSE

What is Economics?

The Production Possibilities Frontier:

- Scarce resources, opportunity cost, trade-offs, economic efficiency

Chapters 1 and 2

Economic Models:

- What is an economic model?
- The Circular Flow model

Ch. 2

Graphs in Economics

Ch. 2, Appendix

II. INTRODUCTION TO MACROECONOMICS

Macro: the Big Picture	Ch. 6
- Business cycles, unemployment and inflation	
Tracking the Economy	Ch. 7
- Measuring GDP, real and nominal	
- What GDP doesn't measure	
- Measuring inflation	
Unemployment and Inflation	Ch. 8
- Measuring unemployment and causes of unemployment	
- Winners and losers from inflation	

III. THE ECONOMY IN THE LONG RUN

Long-Run Economic Growth	Ch. 9
Savings, Investment Spending and the Financial System	Ch. 10

IV. SHORT-RUN ECONOMIC FLUCTUATIONS

Consumer spending, Investments and the multiplier	Ch. 11
Aggregate Supply and Aggregate Demand	Ch. 12
Fiscal Policy	Ch. 13
Money, Banking and the Federal Reserve System	Ch. 14
Monetary Policy	Ch. 15

Parts of the following chapters may be incorporated:

Inflation, Disinflation and Deflation	Ch. 16
Macroeconomics: Events and Ideas	Ch. 17 (Ch. 18 in 4 th ed.)

Note: The above chapter numbers are the same in both the 4th and the 5th edition of the textbook. Which chapters and page numbers we will cover each week will be posted in the weekly agenda on D2L.

Mid-term: Probably 2/13, normal class time.

Final: Thursd. 3/19, 8:30 am – 10:45 am.

Academic integrity policy

DePaul University is a learning community that fosters the pursuit of knowledge and the transmission of ideas within a context that emphasizes a sense of responsibility for oneself, for others and for society at large. Violations of academic integrity, in any of their forms, are, therefore, detrimental to the values of DePaul, to the students' own development as responsible members of society, and to the pursuit of knowledge and the transmission of ideas. Violations include but are not limited to the following categories: cheating; plagiarism; fabrication; falsification or sabotage of research data; destruction or misuse of the university's academic resources; alteration or falsification of academic records; and academic misconduct. Conduct that is punishable under the Academic Integrity Policy could result in additional disciplinary actions by other university officials and possible civil or criminal prosecution. Please refer to your Student Handbook or visit

[Academic Integrity at DePaul University \(http://academicintegrity.depaul.edu\)](http://academicintegrity.depaul.edu) for further details.

Students With Disabilities

Students seeking disability-related accommodations are required to register with DePaul's Center for Students with Disabilities (CSD) enabling you to access accommodations and support services to assist your success. There are two office locations that can provide you with enrollment information, or inquire via email at csd@depaul.edu .

Loop Campus - Lewis Center #1420 - (312) 362-8002

Lincoln Park Campus - Student Center #370 - (773) 325-1677

Students are also invited to contact me privately to discuss your challenges and how I may assist in facilitating the accommodations you will use during this course. This is best done early in the term and our conversation will remain confidential.