

Fall 2019



COURSE SYLLABUS
ECO-300: MACROECONOMIC THEORY

Instructor: *Samuel M. Jung, PhD (Economics), MBA (Intl. Finance & Bus)*, Assistant Professor
Meets in Bowers Hall 0136 at 10:05 A.M. to 11:20 A.M. on Tue and Thu

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Office Hours: Tuesdays 12:00 pm - 1:00 pm
Wednesdays: 1:00 pm – 4:00 pm
Thursdays: 12:00 pm – 1:00 pm
By appointment

Course Objective: This course starts with a deep analysis of factors determining the most important macroeconomics variable as national income, inflation, unemployment, interest rate, exchange rate, and production levels. We will move on to study social accounting, and then analyze and compare the different modern macroeconomic theories, starting with the classical theory, the Keynesian revolution and the different schools of thought that developed after the publication of the General Theory. After learning the theoretical construction of each school of thought, we will emphasize the monetary and fiscal policy implications of each and how they affect public policy throughout the years. Throughout the semester, we will combine articles that relate to current issues in macroeconomics today.

Prerequisite: Principles of macroeconomics

Required Textbooks:

Macroeconomics: Gregory Mankiw, *Macroeconomics*; 9th edition, 2016, Worth Publisher. ISBN-13: 9781464182891. MSRP: \$229.99.

Optional Textbooks & Suggested readings:

- ✓ Frederic S. Mishkin, *Economics of Money, Banking and Financial Markets*, 11th Edition, Prentice Hall, 2015. ISBN-10: 0133836797, ISBN-13: 978-0133836790.
- ✓ Wall Street Journal & The Economist
- ✓ Assigned readings for each week

Student Learning Outcomes: At the end of this class, you should be able to 1) have a good understanding of the debates that exists in macroeconomic theory, both in terms of policy and theory; 2) to compare and contrast different schools of thought and be able to consider a theoretical argument and recognize it as stemming from one or the other school of thought; 3) to explain what reasoning justifies a policy recommendation; and 4) to develop a critical view of the theories that are presented in class.

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Note: The lecture series and readings are not designed to simply duplicate each other. While they overlap and are to some extent complementary, each is an independent entity, and the student will find that the lectures do not cover many points in the readings, and lectures will introduce arguments not contained in the readings. You must be responsible and take both readings and lectures seriously and not view them as substitutes

Student's Responsibilities

Attendance Policy: Attendance and class participation are worth 5 points of your final grade. Attendance is mandatory.

It is the policy of the College that regular class attendance is a basic requirement of all courses. Class attendance is a strong predictor of student success in college. The policy does permit class attendance, participation and/or performance as a factor in determining course grades.

The taking of attendance and attendance requirements are at the discretion of the individual instructor, subject to the following two provisions:

- Penalties for excessive absences, as determined by the instructor's policy, shall not exceed one-third of a letter grade per class hour of absence.
- Absences due to participation in approved College activities shall be considered valid absences. The provost and vice president for academic affairs shall determine what College activities are approved as valid for students to be absent from classes.

In determining the student's grade, instructors will weigh the student's performance and may also consider any excessive absences. Instructors should make clear to their classes what they consider to be valid reasons for missing class and what penalties will be assessed for excessive absences. Instructors shall state in the course syllabus, and emphasize to the class at the first meeting, the attendance requirement for the course.

Students are responsible for all work missed. Instructors shall establish procedures to allow students who have been absent for valid reasons to make up missed class work. If students anticipate having to miss class, it is their responsibility to inform the instructor ahead of time.

Nonattendance does not mean a student has dropped or withdrawn from a course. Students who have not attended class and have not officially dropped or withdrawn from the course will receive a grade of E.

How to Make an Effective Use of the Text: The textbooks and required readings are essential source of the basic information needed to succeed in this course. It helps you to organize your ideas enhancing your learning experience. The relationship between your course materials, assignments, homework, exams, and lectures is interdependent. I expect that you study the material before each class. You should take notes, write summaries of key concepts and main ideas for each chapter covered, and work on problems at the end of each chapter. Think about the application of what you have read and learned in class and actively engage with the material to develop deeper understanding and thinking. It is highly encouraged that you form study groups that meet regularly to discuss, review, and think about the material.

Expectations & Seeking Help: Students are expected to read the syllabus and to develop an understanding of the policies adopted. You have to be aware and take ownership of your own learning. I expect students to attend all classes, *to come to class on time* and prepared, to do all work

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on time, and *to behave appropriately in class*. I will often ask questions in class and I expect you to answer. I also expect that you raise questions of your own. I expect that you are willing to work hard and push yourself to a level you did not think you could reach. Students who prefer to skip class, arrive late, gab on the cell phone, and so on, should find another class. In order to do well, you must **keep up** with the readings and assignments. You are expected to attend all classes and review sessions and to raise questions in class or during office hours when you are having problems with the material. All concerns about grades or issues related to this course should be expressed in a timely manner and prior to the end of the semester. Do not wait until the week of an exam to seek help. I will do my best to help each of you to achieve the grade you desire, but we will succeed only if you put in the requisite effort. In this course, there is a high probability that if you attend all classes, correctly complete assignments on time, follow the policies described in this syllabus, and participate in class you will succeed. If you need help ask! I expect you, as adults, to take responsibility for your education by actively engaging with the material and studying on a regular basis to increase your knowledge and understanding. You should recognize that the learning process takes place in and out of class. Planning, organization, and reflection on what it takes to learn are an integral part of the learning process. However, these do not necessarily guarantee that you will achieve your goals. You should put effort and play an active role asking questions and taking responsibility for your own learning.

Assignments/Quizzes: The assignments will be announced in class and posted on blackboard one week before they are due. It is your responsibility to keep up with assignments. There will also be announced quizzes. The quizzes are designed to do two things. First, they encourage you to stay on top of the material. Second, they are designed to help you preparing for the exam.

Quizzes are already scheduled at the beginning of the semester. Please see the course schedule at the end of the syllabus. You must be in class when they are given in order to take them (**NO EXCEPTIONS!**). **There are no make-up quizzes.** You will have approximately 10 minutes to complete each quiz. They are generally based on what we covered the previous class. Calculators may be used if necessary, but no notes, computers, cell phones, tablets,..., may be used. It is very important that you write neatly and legibly. If I cannot read your quiz, you cannot get credit for it.

Grading: Each quiz is graded on a scale of 0-5 (no fractional grades).

0 = Did not take the quiz, did not answer the question(s), did not identify yourself (full name on quiz).

1 = Made some attempt at answering the question(s), but were way off base.

2 = Got close to an answer to the question(s) but not quite there.

3 = Answered the question(s), generally is incomplete or includes some mistake/misunderstanding.

4 = A relatively complete answer to the question(s), may be a little weak.

5 = Strong or excellent answer to the question(s).

Exams: Exams will be held on the scheduled dates. Only the final exam is “comprehensive” in the sense that some questions on the exam will concern material covered earlier in the course. Exams may include multiple choice, and essays. I will grade in terms of percentage of possible points. The exam dates are listed in the class schedule. Plan accordingly.

Group Project & Presentation: Each group member must present for approximately 8 minutes. **You must be present for ALL (other groups’) presentations.** You must make at least one comment on the material/subject that is presented. Part of your overall presentation grade is being engaged in the other presentations. The use of PowerPoint or other presentation programs is highly encouraged, and you are welcome to use the board. Each member must also submit a detailed list of what they

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contributed to the project and scores for yourself and the other members of your group. A 3-5 Page Report (typed 12-point single space) 2) A PowerPoint (7-12 slides for 8 minutes). References MUST be cited! You must submit both an electronic and a hard copy.

Topic - Macroeconomic Analysis - The topic is relatively open, but narrows quickly. Choose a "current" macroeconomic event, either in the United States or abroad, and analyze the event and consequences, with the tools that you have learned. **You must get your topic approved beforehand, and the same topic can only be done once.**

Rough drafts of Group project: Rough Drafts will be due in class approximately **2 week before final presentation day**, the last day of semester. Each Rough Draft should be a minimum of 1/2 the required length of the final group project. Having a proper rough draft in class on the due date is worth 10% of the overall project grade. I will give you comments on a rough draft, and then you may polish your project according to the comments.

Participation: The most important thing is be prepared to boldly voice all your questions and doubts in class. I believe that every question you ask is interesting and integral to your learning process. So do not be shy thinking that your question is not smart enough. Often, I learn as much as the students during the course when students are engaged and contribute to class lectures.

Legible Handwriting: All of the exams, quizzes, and homework assignments for this course will require you to present your answers in written form in *ink* (BLUE OR BLACK). If I am not able to clearly understand what is written then you will receive no credit for the particular section(s) that are illegible. Therefore, I strongly recommend that you use print handwriting rather than cursive handwriting for exams. For homework assignments, I recommend typing the part of your answers that are written and then drawing the necessary graphs by hand.

Legible Graphs: Many of the exam, quizzes, and homework questions will require a graph using the two-dimensional Cartesian (rectangular) coordinate system to correctly answer the question.

Graphs that are not properly drawn will receive NO credit. Properly drawn graphs consist of:

1. Clearly labeled axis units.
2. Clearly labeled axis values.
3. Clearly labeled curves.

Grading:

| | |
|---|-----|
| Midterm 1 | 20% |
| Midterm 2 | 20% |
| Final Exam | 25% |
| Group Project (Current issues in Macro) | 10% |
| Homework (13%)/Quizzes (7%) | 20% |
| Attendance & Participation (sharing current issues) | 5% |

Exam Dates:

| | |
|---------------|---|
| Midterm No. 1 | October 9 th , in class |
| Midterm No. 2 | November 20 th , in class |
| Final Exam | Tuesday, December 11, 08:30 A.M. - 09:45 A.M. <u>(Comprehensive)</u> |

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Early Semester Feedback will be due by **October 4th**.

The final exam will be held on the regularly scheduled day. Plan your vacation accordingly. There will be no exception.

Make-Up Exams: Make-up exams will be given to students with excused absences, it is your responsibility to contact me before the scheduled exam to let me know of your absence. And note carefully that make-up exams will be more difficult than in-class exams. This is necessary in order to eliminate any advantage that might accrue to students with additional time to prepare.

If you cheat on anything, you get zero on it! If you are caught cheating or plagiarizing, we go through formal University procedure. The disciplinary procedure for academic misconduct can be found at The State of New York at Cortland Code of Student Conduct and Related Policies. The document is accessible online at www.cortland.edu/student-conduct.

Final course grades will be based on the following grading scale:

| <i>Numeric Score</i> | <i>Letter Grade</i> |
|----------------------|---------------------|
| 93 – 100 | A |
| 90 – 92 | A- |
| 87 – 89 | B+ |
| 83 – 86 | B |
| 80 – 82 | B- |
| 77 – 79 | C+ |
| 73 – 76 | C |
| 70 – 72 | C- |
| 67 – 69 | D+ |
| 63 – 66 | D |
| 60 – 62 | D- |
| 0 – 59 | F |

Academic Integrity Statement: All students are expected to uphold academic integrity standards. Plagiarism is defined as taking the ideas of others and using them as one's own without due credit. Students who cheat in examinations, course assignments, or plagiarize in this course may be disciplined in accordance with university rules and regulations. (College Handbook, Chapter 340)

Disability Statement: As part of SUNY Cortland's commitment to a diverse, equitable, and inclusive environment, we strive to provide students with equal access to all courses. If you believe you will require accommodations in this course, please place a request with the Disability Resources Office at disability.resources@cortland.edu or call 607-753-2967. Please note that accommodations are generally not provided retroactively so timely contact with the Disability Resources Office is important. All students should consider meeting with their course instructor who may be helpful in other ways. (College Handbook, Chapter 745)

Diversity Statement: SUNY Cortland is dedicated to the premise that every individual is important in a unique way and contributes to the overall quality of the institution. We define diversity broadly to include all aspects of human difference. The College is committed to inclusion, equity, and access and thus committed to creating and sustaining a climate that is equitable, respectful and free from

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prejudice for students, faculty and staff. We value diversity in the learning environment and know that it enhances our ability to inspire students to learn, lead and serve in a changing world. We are committed to promoting a diverse and inclusive campus through the recruitment and retention of faculty, staff and students. As a community, we hold important the democracy of ideas, tempered by a commitment to free speech and the standards of inquiry and debate. To this end, we are dedicated to developing and sustaining a learning environment where it is safe to explore our differences and celebrate the richness inherent in our pluralistic society. (College Handbook, Chapter 130)

Inclusive Learning Environment Statement: SUNY Cortland is committed to a diverse, equitable and inclusive environment. The course instructor honors this commitment and respects and values differences. All students enrolled in this course are expected to be considerate of others, promote a collaborative and supportive educational environment, and demonstrate respect for individuals with regard to ability or disability, age, ethnicity, gender, gender identity/expression, race, religion, sex, sexual orientation, socio-economic status or other aspects of identity. In an environment that fosters inclusion, students have the opportunity to bring their various identities into conversation as they find helpful, but are not expected to represent or speak for an entire group of people who share aspects of an identity. If you have any questions or concerns about this statement, contact the Institutional Equity and Inclusion Office at 607-753-2263. (IEIO <http://www2.cortland.edu/about/diversity/>)

Title IX Statement: Title IX, when combined with New York Human Rights Law and the New York Education Law 129-B, prohibits discrimination, harassment and violence based on sex, gender, gender identity/expression, and/or sexual orientation in the education setting. The federal Clery Act and NY Education Law 129-B 5 provide certain rights and responsibilities after an incident of sexual or interpersonal violence. When a violation occurs, victims and survivors are eligible for campus and community resources. Where the College has jurisdiction, it may investigate and take action in accordance with College policy. If you or someone you know wishes to report discrimination based in sex, gender, gender identity/expression, and/or sexual orientation, or wishes to report sexual harassment, sexual violence, stalking or relationship violence, please contact the Title IX Coordinator at 607-753-4550, or visit cortland.edu/titleix to learn about all reporting options and resources. (Updated by SUNY Legal Feb. 1, 2018.) (Title IX [www.2.cortland.edu/titleix](http://www2.cortland.edu/titleix))

Course Outline (tentative):

Introduction

Chapter 1. The Science of Macroeconomics

Chapter 2. The Data of Macroeconomics

Readings:

Mankiw, Chapters 1-2

Woodford, Michael, "Revolution and Evolution in Twentieth-Century Macroeconomics," June 1999. [Presented at a conference, Frontiers of the Mind in the Twenty-First Century, U.S. Library of Congress, Washington, D.C., June 1999.]

Classical Theory: The Economy in the Long Run

Chapter 3. National Income

Chapter 4. The Monetary System

Chapter 5. Inflation

Chapter 6. The Open Economy

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Chapter 7. Unemployment

Reading:

Mankiw, Chapters 3-7

Robert E. Lucas, Jr., "Nobel Lecture: Monetary Neutrality." *The Journal of Political Economy*, Volume 104, Number 4, August 1996), 661-682. Sargent, 'The Ends of Four Big Inflations.'

Business Cycle Theory: The Economy in the Short Run

Chapter 10. Introduction to Economic Fluctuations

Chapter 11. Aggregate Demand I: Building IS-LM Model

Chapter 12. Aggregate Demand II: Applying the IS-LM Model

Chapter 14. Aggregate Supply

Readings:

Mankiw, Chapters 10-14

Schmitt-Grohé and Uribe, 'International Macroeconomics', Textbook Manuscript, Chapter 1: Global Imbalances, Chapter 2: Current Account Sustainability, Chapter 3: A Theory of Current Account Determination.

Macroeconomic Policy Debates

Chapter 18. Stabilization Policy

Chapter 19. Government Debt and Budget Deficits

Readings:

Mankiw, Chapters 18-20

Robert J. Barro, "The Ricardian Approach to Budget Deficits," *Journal of Economic Perspectives*, Volume 3, Number 2, Spring 1989, 37-54.

Growth Theory: The Economy in the Very Long Run

Chapters 8-9. Economic Growth

Reading:

Mankiw, Chapters 8 and 9

Xiaodong Zhu, "Understanding China's Growth: Past, Present, and Future." *Journal of Economic Perspectives*, Volume 26, Number 4, Fall 2012, 103-124.

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| Week | Date | Topic | Required Reading | Remarks |
|------|--------------------|--|---|--------------|
| 1 | Aug. 27 Aug. 29 | Introduction on Rules and Expectations Ch.1 The science of Macroeconomics | Mankiw ch.1 | HW1 |
| 2 | Sep. 3 Sep. 5 | Ch. 2 The Data of Macroeconomics / Introduction to FRED and Data sources Ch.3 National Income | Mankiw ch.2, Assigned paper Mankiw ch.3 | HW2 |
| 3 | Sep. 10 Sep. 12 | Ch.3 National Income Ch.4 The monetary System | Mankiw ch.4, Assigned paper | HW3, Quiz 1 |
| 4 | Sep. 17 Sep. 19 | Ch.4 The monetary System Ch.5 Inflation | Mankiw ch.5 | HW4, Quiz 2 |
| 5 | Sep. 24 Sep. 26 | Ch.5 Inflation Ch.6 The Open Economy | Mankiw ch.6 | HW5 |
| 6 | Oct. 1 Oct. 3 | Ch.6 The Open Economy Paper discussion & Exam1 Review | | HW6, Quiz 3 |
| 7 | Oct. 8 | Midterm #1 | | Week 1-6 |
| | Oct. 10 | Ch. 7 Unemployment | Mankiw ch.7 | HW7 |
| 8 | Oct. 15 Oct. 17 | Ch.10 Intro. To Economic Fluctuations Ch.10 Intro. To Economic Fluctuations | Mankiw ch.10 | HW8 |
| 9 | Oct. 22 | Fall Break | | |
| | Oct. 24 | Ch.11 Aggregate Demand 1: Building IS-LM Model | Mankiw ch.11, Assigned paper | Quiz 4 |
| 10 | Oct. 29 Oct. 31 | Ch.11 Aggregate Demand 1: Building IS-LM Model Ch.12 Aggregate Demand 2: Applying the IS-LM Model | Mankiw ch.12 | HW9 |
| 11 | Nov. 5 Nov. 7 | Ch.12 Aggregate Demand 2: Applying the IS-LM Model Ch.14 Aggregate Supply | Mankiw ch.14 | HW10, Quiz 5 |
| 12 | Nov. 12 Nov. 14 | Ch.14 Aggregate Supply Paper discussion / Exam2 Review | | HW11, Quiz 6 |
| 13 | Nov. 19 | Midterm #2 | | Week 7-12 |
| | Nov.21 | Ch.18 Stabilization Policy | Mankiw ch.18, Assigned paper | |
| 14 | Nov. 26 Nov. 28 | Ch.19 Govt. Debt and Budget deficits | Mankiw ch.19, Assigned paper | HW12 |
| | | Thanksgiving Break | | |
| 15 | Dec. 3 Dec. 5 | Review for Final Project Presentation Day | | HW13, Quiz 7 |
| 16 | | Final Exam (Cumulative) | | |