

Introductory Macroeconomic Analysis

Instructor and Contact Info:

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Course Description

This course will introduce students to the fundamentals of modern macroeconomics. Topics to be covered include: Components and measurement of GDP, economic growth and development, the financial system, unemployment, aggregate supply and demand, inflation, and monetary and fiscal policy. By the end of the course, students will be able to understand and analyze real-world macroeconomic phenomena using the tools we study in class. I use the phrase “modern macroeconomics” because we will be augmenting the “standard” textbook topics with data visualization and analysis techniques that are highly relevant for any modern-day macroeconomist. In this way the course leans more towards the “practice” side of the theory vs. practice spectrum in undergraduate economics courses.

Textbook and Course Materials

We will use the 7th edition of Principles of Macroeconomics by N. Gregory Mankiw (this is not the newest edition so it is very cheap). Supplementary course material will be posted on the course website which is (calvinackley.com/teaching/). We will also conduct some basic macroeconomic data analysis using the free programming language R. For this you will need to download R at <https://cran.r-project.org/> as well as the software for running programs, creating graphs, etc, called Rstudio, which is available at <https://www.rstudio.com/>. I will provide more specific instructions for obtaining and using R in class. Note that while this may seem a bit overwhelming for an introductory course, we will only be performing the most basic operations with R, and both myself and the TA will provide close guidance. The ability to create and interpret graphs of macroeconomic data is so paramount to macroeconomic analysis that I think it is more than worthwhile for students to obtain an early introduction to doing so.

Grading and Course Requirements

Grades will be based on attendance, participation, two exams, and a data project. Your attendance grade will be based on your responses to ‘quiz’ questions that I will hand out nearly every class. In order to achieve a perfect score for attendance you must not miss more than 1 quiz. For every quiz missed beyond 1, your attendance grade will fall by 5 points. Your score on the quizzes will not affect your grade negatively, however, if you do very well on them I may bump your grade a half-letter if you are on the border. I am a strong proponent of inquiry-based learning, so you will receive a participation grade that reflects the frequency and content of your in-class comments. There will not be any make-up exams; if the midterm is missed for a legitimate reason then that weight is shifted onto the final, and the final will not be subject to rescheduling.

The weights for each component of your grade are as follows:

Midterm: 20% (Tuesday, July 17th)

Final: 40% (Wednesday, August 8th)

Project/Presentation: 20% (Monday, August 6th)

Participation and Attendance: 10% each

Course Outline

Introduction

1. Preliminaries: Review of select topics from microeconomics, macroeconomic data and graphs, using R.
2. Analysis of Government Policies
3. International Trade

The Data of Macroeconomics

4. Measuring a Nation's Income: GDP
5. Measuring the Cost of Living: The CPI and Inflation
6. Unemployment
7. Economic Growth

Money, Banking, and the Financial System

8. Savings, Investment, and the Financial System
9. The Basic Tools of Finance
10. The Monetary System

Economic Fluctuations and Government Policy

11. Aggregate Demand and Aggregate Supply
12. Monetary and Fiscal Policy
13. Inflation, Unemployment, and the Phillips Curve