

# ECI-UF 9101 L01, Principles of Macroeconomics

NYU London: Spring 2020

## Instructor Information

TBA

## Course Information

- Monday & Wednesday 9:00 to 10:15
- Bldg: 6 Bedford Sq Room: 105 Loc: NYU London (Global)
- No prerequisite

## Course Overview and Goals

This course introduces the field of macroeconomic. It provides the students with the analytical tools to shed some light on some of the issues that face decisionmakers on macroeconomic issues. It covers the core concepts and tools that students need to make sound economic arguments. It will relate these theories to current events.

The course covers:

- What is economics and a brief history of economic thoughts.
- Price theory and market theory.
- Macroeconomic indicators (e.g., gross domestic product, real vs nominal national income, inflation, unemployment).
- Economic growth theory.
- The aggregate economies theory (i.e. aggregate demand and aggregate supply at the national level).
- Governmental policies and the role of central banks: expenditure, monetary and fiscal policy.
- Exchange rates, international trade, and capital flows.
- Business cycles and the most recent financial crisis.

### Upon Completion of this Course, students will:

- Be able to understand the different economic theories;

- Be able to look at macroeconomic indicators to articulate and evaluate contemporary economic issues;
- Be able to critically evaluate macroeconomic public policy;
- Possess the basic skills for intermediate level courses in macroeconomic theory and/or upper division courses in economics.

## Course Requirements

### Grading of Assignments

The grade for this course will be determined according to these assessment components:

| Assignments/Activities | Description of Assignment   | % of Final Grade | Due                                 |
|------------------------|---|------------------|-------------------------------------|
| Class Participation    | <p>Regular participation in class discussions is necessary to receive a high-class participation score.</p> <ul style="list-style-type: none"> <li>• Having the correct answers is not a prerequisite for a high grade. Offering substantiated and articulated comments is more important.</li> <li>• Student participation grade is affected by the unjustified presence to the field trip. Missing the trip reduces the participation grade by 5 percentage point.</li> <li>• <b>Computers, tablets, and cell phones are NOT allowed during class.</b> Exceptions are made for students with Moses Centre Accommodations. <ul style="list-style-type: none"> <li>○ Each computer, tablet and cell phone use results in the participation grade dropping by 1 percentage point.</li> </ul> </li> <li>• Students can regain participation points through volunteering to do a short presentation (topics to be discuss during office hours).</li> </ul> | 10               |                                     |
| Homework               | <ul style="list-style-type: none"> <li>• Students are assigned 5 problem sets on a 4+1 system – only the 4 highest grades will be counted.</li> <li>• Students have one week to complete each problem set. The students are <b>encouraged to work together</b>. But, they <b><u>must write their own answers</u></b>.</li> <li>• Assignments are due at the start of the lecture on the due day (see schedule below).</li> <li>• Electronic submissions are allowed but the instructor's timestamp of reception remains the rule. Unjustified late submissions will be penalized: 50% downgrade for assignment turned in up to 24hrs late; 0% after that.</li> </ul>  | 30               | Multiple dates – see schedule below |
| Current Event Analysis | <ul style="list-style-type: none"> <li>• Analyze a newspaper article that is related to a concept or topic discussed in class.</li> <li>• Relevant article must be from a major publication published within the last 12 months.</li> <li>• Read the article carefully, analyze its</li> </ul>  | 10               | May 6                               |

| Assignments/Activities | Description of Assignment   | % of Final Grade | Due |
|------------------------|---|------------------|-----|
|                        | <p>contents as they relate to concepts and topics discussed in class, and prepare a 1000-word write-up summarizing your findings.</p> <ul style="list-style-type: none"> <li>• The write-up should include the following: <ul style="list-style-type: none"> <li>○ A brief summary of the article.</li> <li>○ A discussion of the specific economic concepts or topics used in the article.</li> <li>○ A critical analysis and discussion of the economic arguments put forth in the article.</li> <li>○ A discussion of whether the economic concepts and topics were used/presented appropriately in the article.</li> <li>○ The article or a print-out should be appended to the paper.</li> </ul> </li> </ul> <p>Grading criteria:</p> <ul style="list-style-type: none"> <li>• Well Written: <ul style="list-style-type: none"> <li>• Grammatically correct.</li> <li>• No spelling mistakes.</li> <li>• Clear and precise sentences and paragraphs.</li> <li>• Correct punctuation.</li> </ul> </li> <li>• Logically Structured Essay: <ul style="list-style-type: none"> <li>• Heading and subheading.</li> <li>• Introduction, Thesis, Anti-thesis, Synthesis.</li> </ul> </li> <li>• Relevance and Accuracy of the Argument: <ul style="list-style-type: none"> <li>• Use of relevant economic theory.</li> <li>• Appropriate supporting evidence (e.g., table, graphs or data).</li> </ul> </li> <li>• Resources: <ul style="list-style-type: none"> <li>• Not outside resources required to.</li> <li>• However, additional research are used, the paper must also include a bibliography that would not count in the word count.</li> <li>• In-line citation e.g. <ul style="list-style-type: none"> <li>i. Bond (2007) states that ABC occurred in 2008 and had devastating effects on the market; or</li> <li>ii. ABC occurred in 2008 and had devastating effects on the market (Bond, 2007).</li> </ul> </li> <li>• Bibliography using Chicago style reference.</li> </ul> </li> <li>• Work submitted within 5 weekdays after the submission time without an agreed extension receives a penalty of 10 points on the 100</li> </ul> |                  |     |

| Assignments/Activities            | Description of Assignment   | % of Final Grade | Due            |
|-----------------------------------|---|------------------|----------------|
|                                   | point scale<br><a href="https://www.nyu.edu/london/academics/academic-policies.html">https://www.nyu.edu/london/academics/academic-policies.html</a> . No work submitted after that will be accepted.   |                  |                |
| Presentation of the Current Event | <p>Students will present the results of their paper analysis. Each student will have 5 minutes to present the topic they chose and the concept discussed.</p> <p>Grading criteria are:</p> <ul style="list-style-type: none"> <li>• Presentation organization: <ul style="list-style-type: none"> <li>○ Introduction presenting the issue</li> <li>○ Development of the issue</li> <li>○ Linking to the class concepts</li> <li>○ Conclusion</li> </ul> </li> <li>• Convincing argument: effective presentation (short and to the point), ease of following the argument flow.</li> <li>• Clearness visual aids and presentation (e.g., slides not too cluttered, good elocution, enthusiasm)</li> <li>• Respecting the allocated time</li> <li>• Unjustified absence on these days will result in a 0%.</li> </ul> <p><u>Non-presenting students are expected to provide feedback to their presenting classmate.</u></p> | 10               | May 6 & May 11 |
| Midterm Exam                      | Students will work alone on a midterm during week 7. The students will have to answer two out of three short answers (definition from concepts seen in class) (30% of the midterm exam grade), one out of two numerical questions (similar to the homework and activities done in class) (40% of the midterm exam grade), and one short essay question (30% of the midterm exam grade).   | 20               | March 18       |
| Final Exam                        | Students will work alone on a two-hour comprehensive final exam during exam week. The students will have to answer three out of five short answers (definition from concepts seen in class) (30% of the final exam grade), two out of three numerical questions (similar to the homework and activities done in class) (40% of the final exam grade), and one out of two short essay questions (30% of the final exam grade).   | 20               | TBC            |
| Activities                        | During the course, the students will be provided with activities (e.g., numerical example, news clips, practical questions, essay question). These activities are designed to reinforce and extend understanding of material so far covered. The answers will be discussed in class but will not be posted online. Students are encouraged to discuss among themselves and research the answers. On the   | N/A              |                |

| Assignments/Activities | Description of Assignment  | % of Final Grade | Due |
|------------------------|--|------------------|-----|
|                        | midterm and the final, the students will have a <i>lifeline</i> where they can get credit if the classmate they name gets the answer correct (no penalty if the phone-of-a-friend does worse). <b>So, get to know your classmates. They are also your teammates.</b> |                  |     |

Failure to submit or fulfill any required course component results in failure of the class

## Grades

Letter grades for the entire course will be assigned as follows:

| Letter Grade | Percent        | Description   |
|--------------|----------------|---|
| A            | 93% and higher | <b>Excellent:</b> accomplish and demonstrate a mastery of the topic.  |
| A-           | 90% – 92%      | <b>Excellent:</b> accomplish and demonstrate a mastery of the topic with minimum mistakes.  |
| B+           | 87% – 89%      | <b>Good:</b> understanding the most concepts discussed and demonstrate that understanding.  |
| B            | 83% – 86%      | <b>Good:</b> understanding the most concepts discussed and demonstrate that understanding with a few mistakes.                    |
| B-           | 80% – 82%      | <b>Good:</b> understanding the most concepts discussed and demonstrate that understanding with some mistakes.                     |
| C+           | 77% – 79%      | <b>Satisfactory:</b> understanding the majority of the concepts discussed and demonstrate that understanding.                     |
| C            | 73% – 76%      | <b>Satisfactory:</b> understanding the majority of the concepts discussed and demonstrate that understanding with a few mistakes. |
| C-           | 70% – 72%      | <b>Satisfactory:</b> understanding the majority of the concepts discussed and demonstrate that understanding with some mistakes.  |
| D+           | 67% – 69%      | <b>Minimum Passing Grade:</b> understanding some concepts discussed and demonstrate that understanding.                           |
| D            | 63% – 66%      | <b>Minimum Passing Grade:</b> understanding some concepts discussed and demonstrate that understanding with a few mistakes.       |
| D-           | 60% – 62%      | <b>Minimum Passing Grade:</b> understanding some concepts discussed and demonstrate that understanding with some mistakes.        |
| F            | 59% and lower  | <b>Failure</b> to understand the concepts discussed in class and demonstrate that understanding.                                  |

## Course Materials

## Required Textbooks & Materials

- *Principles of Macroeconomics*, S. A. Greenlaw & T. Taylor, OpenStax available for free at: <https://d3bxy9euw4e147.cloudfront.net/oscms-prodcms/media/documents/PrinciplesofMacroeconomics-LR.pdf>
  - The CORE Team, *The Economy: Economics for a Changing World*. Available for free at: <https://core-econ.org/the-economy/book/text/0-3-contents.html>
- Both textbooks are available for free. Students may need to register to be able to download the book. The website also contains other valuable resources.

Students are **highly** encouraged to read the chapters before coming to class. They will get more out of the course. The reading assignments are provided as a complement or alternative to class. If you have doubt about something, your classmates should be your first stop then the textbooks will provide valuable information.

Throughout the semester, I will post online academic articles and news articles that we will discuss in class. Check the website regularly to keep up to do on these articles. Those readings must be done before coming to class as they will be discussed during class in details.

## Optional Textbooks & Materials

- Karl E. Case, Ray C. Fair, & Sharon E. Oster Pearson, *Principles of Macroeconomics*, 2017, 12th Edition, Pearson Edition.
- Paul Krugman and Robin Wells, 2018. *Macroeconomics*, 5<sup>th</sup> Edition. Worth Publishers.
- Student should familiarize themselves with Journal of Economic Perspectives, the Journal of Economic Literature, JSTOR, SSRN, NBER, and other online repositories. Some of the reading will come from these journals and repositories.

## Resources

- **Access your course materials:** [NYU Classes](http://nyu.edu/its/classes) (nyu.edu/its/classes)
- **Databases, journal articles, and more:** [Bobst Library](http://library.nyu.edu) (library.nyu.edu)
- **NYUL Library Collection:** [Senate House Library](http://catalogue.libraries.london.ac.uk) (catalogue.libraries.london.ac.uk)
- **Assistance with strengthening your writing:** [NYU Writing Center](http://nyu.mywconline.com) (nyu.mywconline.com)
- **Obtain 24/7 technology assistance:** [IT Help Desk](http://nyu.edu/it/servicedesk) (nyu.edu/it/servicedesk)

## Course Schedule

| Session/Date       | Topic  | Reading                                   | Assignment Due |
|--------------------|--|---|----------------|
| Session 1: 3 Feb.  | Introduction to the course, resources and requirements, tentative outline. | Greenlaw & Taylor (Ch. 1)                 |                |
| Session 2: 5 Feb.  | Scarcity and the importance of decision making.                            | Greenlaw & Taylor (Ch. 2)                 |                |
| Session 3: 10 Feb. | Demand and Supply Model.   | Greenlaw & Taylor (Ch. 3.1)<br>CORE §8.1- |                |

| Session/Date               | Topic   | Reading  | Assignment Due |
|----------------------------|---|--|----------------|
|                            |   | 8.5  |                |
| Session 4: 12 Feb.         | Changes in demand & supply, perfect competition                                     | Greenlaw & Taylor (Ch. 3.2-3.3)<br>CORE §8.6, 8.8-8.10 |                |
| Session 5: 17 Feb.         | Market interventions: Price Controls and Quotas.                                    | Greenlaw & Taylor (Ch. 3.4-3.5)<br>CORE §8.7           | Homework 1     |
| Session 6: 19 Feb.         | Trade, comparative advantage & specialization                                       | Greenlaw & Taylor (Ch. 20)<br>CORE §18.4-18.7          |                |
| Session 7: 24 Feb.         | Macroeconomic indicators: Gross Domestic Product                                    | Greenlaw & Taylor (Ch. 6.1)<br>CORE §13.3-13.4         |                |
| Session 8: 26 Feb.         | Macroeconomic Indicators: Inflation   | Greenlaw & Taylor (Ch. 9.1-9.2)<br>CORE §13.8          | Homework 2     |
| Session 9: 2 Mar.          | Macroeconomic indicators: Real vs Gross GDP   | Greenlaw & Taylor (Ch. 6.2-6.5)<br>CORE §13.8          |                |
| Session 10: 4 Mar.         | Labor market  | Greenlaw & Taylor (Ch. 4.1 & 4.3)<br>CORE §9.1-9.5     |                |
| Session 11: 9 Mar.         | Macroeconomic Indicators: Unemployment  | Greenlaw & Taylor (Ch. 8)<br>CORE §9.6-9.7 & 9.9-9.10  |                |
| Session 12: 11 Mar.        | Growth Theory   | Greenlaw & Taylor (Ch. 7)                              | Homework 3     |
| Session 13: 16 Mar.        | Aggregate Supply and Demand Model   | Greenlaw & Taylor (Ch. 11)<br>CORE §14.8-14.10         |                |
| <b>Session 14: 18 Mar.</b> | <b>Midterm</b>  |  | <b>Midterm</b> |
| Session 15: 23 Mar.        | Private consumption and the multiplier  | CORE §14.1-14.4  |                |
| Session 16: 25 Mar.        | Business Cycle and the Keynesian Perspective: investment & government expenditures. | Greenlaw & Taylor (Ch. 12)<br>CORE §14.5-14.7          |                |
| Session 17: 30 Mar.        | Business Cycle and the Neoclassical   | Greenlaw &   |                |

| Session/Date        | Topic  | Reading   | Assignment Due |
|---------------------|--|---|----------------|
|                     | Perspective: fiscal policy, aggregate demand, and unemployment | Taylor (Ch. 13)<br>CORE §14.8-14.10                   |                |
| Session 18: 1 Apr.  | Inflation, unemployment, the business cycle and Phillips curve | Greenlaw & Taylor (Ch. 17.1-17.4)<br>CORE §15.1-15.4  |                |
| Session 19: 6 Apr.  | Supply and demand shocks, inflation, and monetary policy       | Greenlaw & Taylor (Ch. 17.5-17.7)                     | Homework 4     |
| Session 20: 8 Apr.  | Monetary Policy & the Banking System                           | Greenlaw & Taylor (Ch. 14)                            |                |
| Apr. 13             | No Class – Spring Break  |   |                |
| Apr. 15             | No Class – Spring Break  |   |                |
| Session 21: 20 Apr. | Monetary Policy & The Exchange Rate                            | Greenlaw & Taylor (Ch. 16.1)<br>CORE §15.8-15.10      |                |
| Session 22: 22 Apr. | The Great Depression to the golden age                         | CORE §17.1-17.6                                       | Homework 5     |
| Field Trip          | Bank of England  |   | April 24       |
| Session 23: 27 Apr. | Money, Banking and the Federal Reserve System                  | Greenlaw & Taylor (Ch. 15.1-15.2)                     |                |
| Session 24: 29 Apr. | The great moderation to the neoliberal era                     | CORE §17.7-17.8                                       |                |
| Session 25: 4 May   | The Financial Crisis of 2008 and its aftermath.                | Greenlaw & Taylor (Ch. 15.3-15.5)<br>CORE §17.9-17.12 |                |
| Session 26: 6 May   | Paper presentation   |   | Papers due     |
| Session 27: 11 May  | Paper presentation   |   |                |
| Session 28: 13 May  | Review for the final exam                                      |   |                |
| <b>May 18-21</b>    | <b>Finals Week</b>   |   | <b>TBC</b>     |

## Co-Curricular Activities

- Required trip to the Bank of England. We will travel to the Bank of England on April 24 – TBC to attend a presentation on *"Keeping on an Even Keel"*.

## Classroom Etiquette



- Students can bring drinks (i.e. coffee, water) to class and some snacks. However, those are to be consumed quietly so as not to distract your classmates or the instruction.
- Electronic devices are not allowed in the classroom. The 75 minutes we share is to focus on macroeconomics.
- Students should check the course's website regularly for changes for additional readings on news article and announcements.
- Students are expected to come to class having read the assigned articles. Those articles will be discussed in class.
- Textbook chapters are assigned as well. Students are not expected to read those *before* class but are expected to look at these chapters to complement or clarify class discussion. An expected schedule is attached above but may change depending on the class discussion.
- Students in this class are expected to abide by the Honor Code.
- Students who have a disability and anticipate needing accommodations should be sure to request them through the Moses Center for Students with Disabilities

## NYUL Academic Policies

### Attendance and Tardiness

- Key information on NYU London's absence policy, how to report absences, and what kinds of absences can be excused can be found on our [website](http://www.nyu.edu/london/academics/attendance-policy.html) (<http://www.nyu.edu/london/academics/attendance-policy.html>)

### Assignments, Plagiarism, and Late Work

- You can find details on these topics and more on this section of our NYUL [website](https://www.nyu.edu/london/academics/academic-policies.html) (<https://www.nyu.edu/london/academics/academic-policies.html>) and on [the Policies and Procedures section of the NYU website](https://www.nyu.edu/academics/studying-abroad/upperclassmen-semester-academic-year-study-away/academic-resources/policies-and-procedures.html) for students studying away at global sites (<https://www.nyu.edu/academics/studying-abroad/upperclassmen-semester-academic-year-study-away/academic-resources/policies-and-procedures.html>).

### Classroom Conduct

Academic communities exist to facilitate the process of acquiring and exchanging knowledge and understanding, to enhance the personal and intellectual development of its members, and to advance the interests of society. Essential to this mission is that all members of the University Community are safe and free to engage in a civil process of teaching and learning through their experiences both inside and outside the classroom. Accordingly, no student should engage in any form of behaviour that interferes with the academic or educational process, compromises the personal safety or well-being of another, or disrupts the administration of University programs or services. Please refer to the [NYU Student Conduct Policy](#) for examples of disruptive behavior and guidelines for response and enforcement.

### Disability Disclosure Statement

Academic accommodations are available for students with disabilities. Please contact the Moses Center for Students with Disabilities (212-998-4980 or [mosescsd@nyu.edu](mailto:mosescsd@nyu.edu)) for

further information. Students who are requesting academic accommodations are advised to reach out to the Moses Center as early as possible in the semester for assistance.

## **Instructor Bio**

Before arriving to London, Dr. Gabison taught economics and public policy at the Georgia Institute of Technology and worked for the European Commission, where he used his expertise as an economist and a lawyer to tackle issues related to the Information and Communications Technology sector. He also worked for the American Antitrust Institute, a non-profit think tank promoting competition, and at the Federal Reserve Board, the US Central Bank.

Dr. Gabison earned his B.A. (Economics & Mathematics) and J.D. (Law) from the University of Virginia and his M.A., M.Phil. and Ph.D. (Economics) from Yale University. He is licensed to practice law in Virginia and the District of Columbia. He has published in academic journals in Europe and in the United States.