Georgia Tech Institute of Technology - School of Economics
ECON 2105 Principle of Macroeconomics
Fall, 2014

Instructor: Vitor Kamada
E-mail: vitorkamada@gatech.edu
Office hours: T, 4:00 – 5:00. F, 12:30 – 2:00 at room 205 (Old Civil Engineering Building).
Prerequisite: High school algebra. Basic calculus is useful.

1) Learning Objectives

This course is designed to give you a broad introduction to the principles of macroeconomics from a global perspective. Macroeconomics is the study of the economy as a whole. We will first cover the basic ideas and tools used in all economic analysis, focusing on a thorough understanding of the concepts of demand, supply, and trade. We next move to the level of the national economy, examining the forces that determine long run economic growth and prosperity. We then widen the scope to include the many ways national economies interact with each other through trade and international finance. We will cover a wide range of topics, from expansions and recessions in an economy, to the role of the government (Fiscal Policy) and Federal Reserve (Monetary Policy) in the economy. After this course, you suppose to master:

• the concepts and measurement of gross domestic product, unemployment, and inflation.
• the concepts of Comparative Advantage, balance of payments and its components, and the determinants of exchange rates.
• the difference between business cycles and economic growth and the factors that contribute to each.
• the concept of Macroeconomic Equilibrium.
• how Aggregate Demand and Aggregate Supply determine equilibrium price and output in the short-run and long-run.
• the multiplier concept, how it is computed, and its qualifications and limitations.
• the concepts, tools, and implementation of fiscal policy, its limitations and relative advantages and disadvantages, and how it affects aggregate economic activity.
• the concepts, tools, and implementation of monetary policy, its limitations and relative advantages and disadvantages, and how it affects aggregate economic activity.

• the essential differences that separate and distinguish the Classical and Keynesian Schools in macroeconomics.

• the arguments pro and con for a policy of laissez-faire versus government activism in the management of macroeconomic policies.

2) Required Material

2.1) Textbook


Note: I will post comprehensive slides of each chapter of the book in T-Square.

2.1) Online Resource- My EconLab

I will be using MyEconLab to assign homework and quizzes for this class. The course ID for this class is kamada34589. See instructions in the end of this syllabus.

Note: If you are purchasing the standalone text or electronic version, MyEconLab does not come automatically packaged with the text. To purchase MyEconLab, please visit: www.myeconlab.com or you can purchase a package of the physical text + MyEconLab by searching the Pearson web site.

3) Course Schedule

I am indicating a tentative sequence of chapters. During the semester, I might make some changes to this sequence as well. I will announce these in class as well as post the information on T-square. It is YOUR responsibility to stay up-to-date with what we are doing in class and look at the T-square site for new information and material posted.

Introduction and Monitoring Macroeconomic Performance

<table>
<thead>
<tr>
<th>Week 1</th>
<th>8/18 – 8/22</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. What Is Economics?</td>
</tr>
<tr>
<td></td>
<td>2. The Economic Problem</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Week 2</th>
<th>8/25 – 8/29</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3. Demand and Supply</td>
</tr>
<tr>
<td></td>
<td>4. Measuring GDP and Economic Growth</td>
</tr>
</tbody>
</table>
| Week 3  | 9/1 - 9/5 | Mon, Sep 1: Labor day  
5. Monitoring Jobs and Inflation  
Fri, Sep 5: HWs 1, 2, 3, 4, and 5. Included Appendix 1. |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 4</td>
<td>9/8 - 9/12</td>
<td>Mon, Sep 8: Quizzes 1, Appendix 1, 2, 3, 4, and 5. Included Math Note 3. Wed, Sep 10: Test 1</td>
</tr>
</tbody>
</table>

**Macroeconomic Trends**

| Week 5  | 9/15 – 9/19 | 6. Economic Growth  
7. Finance, Saving, and Investment |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 6</td>
<td>9/22 – 9/26</td>
<td>8. Money, the Price Level, and Inflation</td>
</tr>
</tbody>
</table>
| Week 7  | 9/29 -10/3 | 9. The Exchange Rate and the Balance of Payments  
Fri, Oct 3: HWs 6, 7, 8, and 9. |
| Week 8  | 10/6 – 10/10 | Mon, Oct 6: Quizzes 6, 7, 8, and 9. Included Math Note 8. Wed, Oct 8: Test 2  
Oct 10: Last day to drop individual courses with a grade of "W" |

**Macroeconomic Fluctuations**

<table>
<thead>
<tr>
<th>Week 9</th>
<th>10/13 -10/17</th>
<th>Oct 11 -14: Student Recess</th>
</tr>
</thead>
</table>
| Week 10 | 10/20 -10/24 | 10. Aggregate Supply and Aggregate Demand  
11. Expenditure Multipliers |
Fri, Oct 31: HWs 10, 11, and 12. |

**Macroeconomic Policy**

14. Monetary Policy |
|--------|---------------|----------------------------------------------------------------------------------------------------------------------------------|
Fri, Nov 21: HWs 13, 14, and 15. |
Nov 27 –Nov 28: Thanksgiving Break |
| Week 16 | 12/1 -12/5 | Dead Week |
4) Class Lectures and Attendance

Attending class is important as I will deviate from the textbook material on some occasions. It is your responsibility to attend class and be current with the material. By necessity, the class lectures will be quite condensed; you will have to rely on the textbook for details. The best strategy for you will be to take only the essential notes during class. I will post many of the class lecture slides on the T-Sqr site. The slides will only provide the basic information – the details and discussion will be done in class. If you miss the class discussion, and those materials show up on the test, do not come to my office arguing about the test and materials. Take careful notes on which chapter and fill in the details from the textbook later. This will enhance your understanding of the material. Class lectures and textbook should only be used as complements and not substitutes.

If you miss class, talk to another student who attended class regarding what we covered. This is your responsibility. If you miss class, I will not go over this material with you on an individual basis.

5) Tests and Grades

<table>
<thead>
<tr>
<th>Tests</th>
<th>Weight</th>
<th>Date</th>
<th>Chapters (Parkin)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Class Test 1</td>
<td>20%</td>
<td>Wed, Sep 10</td>
<td>1, 2, 3, 4, and 5</td>
</tr>
<tr>
<td>In-Class Test 2</td>
<td>20%</td>
<td>Wed, Oct 8</td>
<td>6, 7, 8, and 9</td>
</tr>
<tr>
<td>In-Class Test 3</td>
<td>20%</td>
<td>Wed, Nov 5</td>
<td>10, 11, and 12</td>
</tr>
<tr>
<td>In-Class Test 4</td>
<td>20%</td>
<td>Wed, Nov 26</td>
<td>13, 14, and 15</td>
</tr>
<tr>
<td>HMs</td>
<td>10%</td>
<td>See deadlines above</td>
<td>All</td>
</tr>
<tr>
<td>Quizzes</td>
<td>10%</td>
<td>See deadlines above</td>
<td>All</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: I might add up to 5 points (5%) to your final grade based on your participation/motivation. This is a subjective factor, but I will control the presence and take note about your participation in class.

A: 90% B: 80% C: 70% D: 60% F: Below 60%

Note: the cutoffs are strict. That is, 89.9% is a B, 79.9% is a C, 69.9% is a D and 59.9% is an F.

No student is allowed to ask a personal negotiation on the letter grade; I will not reply to such emails. However, if you catch a mistake in the grading process, you are welcome to point it so that I can fix such mistakes.

There will be FOUR mid-term tests. Each test will be of 45 minutes duration. All tests are mandatory. Each test will be worth 20 points. All tests will start at 11:05 am and end at 11:50
am. Do not be late for the test as there will be NO extra time provided. Without exception, all students will have to turn in answer sheets at 11:50 am.

All questions will be multiple-choice based on the material covered in class plus textbook. Each test will contain 20 questions. I will post the scores for each test 8 (eight) days after the test.

**VERY IMPORTANT: There is NO makeup test.**

If you miss a test for health reasons or official GT events:

1. Your score on that test is zero.

2. Your score on the next test will count as double. For example, if you missed Test 2 and your score on Test 3 is 15/20, then your score for Test 3 is 15/20 and Test 2 is also 15/20.

3. The above option is available for only one missed test. For example, if you miss two tests, your score on one test will be zero and the other will be entered based on your score on the scheme noted above.

4. To avail of the above option – that is, miss a test and have the next test count double – you will need to show the following documentation:

   (a) If you are ill – the accompanying doctor’s note must say that **you cannot (or could not) take the test**. If the doctor’s note does not state this clearly, your score on the missed test will be zero and the next test will not count as double. Merely producing a note saying that you visited the GT health center does not count as a valid reason; the note must specifically state that you were in no position to take the test.

   (b) For GT approved official activities that you have to participate in. You will have to produce the relevant official GT documentation noting this fact. The activity that you participate in has to be significant – e.g. you are on a GT team with an official participation date that is the same day as the exam day. Social or personal events of any sort do not count as valid reason to have the next test count as double. In these cases, your score on the missed test is zero and the next test will not count as double.

**To be fair to all students in the class, there will be no exceptions to the policy stated above.**

**6) Checking your Scantrons**

6.1. After each test, take the copy of the test home with you. This is yours to keep.
6.2. You can only use a **#2 pencil** to fill in the scantron. Any other writing material means that it may not scan properly. If you bubble in the scantron with a pen, it will not scan. Wrong writing materials impose a significant cost to me and my teaching assistant as we have to figure out why the scantron was not scanned properly. Please make sure that you bubble in the scantron correctly with the correct pencil. **If you use a pen to fill in the scantron, I will deduct 4 points from that test.**

6.3. **After each test scores are posted, you have a total of 7 (seven) days to check for any discrepancies on your scantrons.** There will be no exceptions to this policy.

Going through scantrons in a 75 student class imposes a significant burden on me and my teaching assistant. For example, you may not show up in December and ask to go through all the previous scantrons. My answer will be NO, without exception.

During each test, mark your answers on the test itself before you bubble in the correct answers on the scantrons. When you bubble in the scantron sheet, double check to see if you bubbled in the answer you want. If you do this, there should be no need for you to have to recheck the scantron you filled in.

If there is any systemic problem in the way in which the scantrons were graded or there is a problem with a question, this will be taken care of automatically.

---

7) **T-Square**

The main way of communication will be T-Square. All course announcements, grades, exam solutions, and other information will be posted there.

---

8) **Special Accommodations**

Students requesting academic accommodations based on a documented disability are required to register with the Access Disabled Assistance Program for Tech Students (ADAPTS). Please obtain a form from the ADAPTS office and turn it in to me in the beginning of the semester.

The ADAPTS Office is located in the Smithgall Student Services Building, Suite 220. The phone number is 404-894-2563 (V). [http://www.adapts.gatech.edu/index.html](http://www.adapts.gatech.edu/index.html)