

**Syllabus**  
**Econ102: Principles of Macroeconomics**  
**Summer 2012**

**Instructor:** Anwen Yin

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**Office Hours:** TBA

**Course Time:** 8:40 am - 9:40 am, MTWRF, May 14 - July 6

**Course Location:** 111 East Hall

**Teaching Assistant:** Sulagna Sarkar

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**Office Hours:** TBA

**Description:**

This course is designed to introduce classic macroeconomic issues such as growth, inflation, unemployment, interest rates, exchange rates, technological progress, and budget deficits. The course will provide a unified framework to address these issues and to study the impact of different policies, such as monetary and fiscal policies, on the aggregate behavior of individuals. These analytical tools will be used to understand the recent experience of the United States and other countries and to address how current policy initiatives affect their macroeconomic performance.

**Prerequisites:**

This course makes extensive use of simple high school algebra and basic geometry. Econ101 is recommended but not required.

## **Textbook:**

- Required:
  - *Principles of Macroeconomics*, 6<sup>th</sup> edition, by N. Gregory Mankiw
- Supplementary:
  - *Macroeconomics*, 7<sup>th</sup> edition, by N. Gregory Mankiw
  - *Macroeconomics*, 2<sup>nd</sup> edition, by Krugman and Wells
  - *The Economist*
  - *New York Times*
  - *Wall Street Journal*

## **Requirements:**

- Problem Sets: There will be weekly problem sets and they will be posted on Monday of each instruction week. Since solutions will be provided after you turning in your assignments, I do not accept late problem sets. You are welcome to work in groups (no more than two members) on the problem sets.
- Mid-Terms: Three in-class exams will be given on May 25, June 8 and June 22, respectively. *The highest TWO will count. Mid-terms are non-cumulative.* You have 60 minutes for each exam.
- Final Exam: It will be held in class on July 6. Final exam will be comprehensive but a significant weight will be given on the second half of this class. You have 60 minutes for the final exam.
- All exams are closed book.
- No make-up mid-term will be given since only two out of three count.
- Make-up exam for the final: Only "excused absences" under university guidelines will be considered as valid excuses for missing final. To know about these, talk to an advisor. No other excuses will be accepted. The student must be prepared to substantiate his/her excuse for absence with documents (such as a physician's letter, note from a family member or a university authority) and a make-up final exam will be accordingly arranged for him/her under the circumstances. Unexcused absences will be graded zero.

- Since this is a very introductory course, no prior knowledge of advanced mathematics is required or presumed. However, we will be using high school algebra (very simple equations) and geometry (graphs) frequently. Indeed, knowledge of such basic math is necessary for most, perhaps all, introductory economics courses that you may be taking at ISU. We will have several lab sessions administered by the TA teaching how to use Excel to compute basic macroeconomic statistics introduced in this class, such as GDP, unemployment rate and inflation rate using real data and generate relevant diagrams.

**Grading:**

Problem Sets	20%
Mid-terms	40%
Final Exam	40%

**Important Dates:**

Exam 1	May 25
<b>Memorial Day</b>	<b>May 28</b>
Exam 2	June 8
Exam 3	June 22
<b>Independence Day</b>	<b>July 4</b>
Final Exam	July 6

**Course Web Site:**

- <https://sites.google.com/site/anweny/miscellaneous/econ102---summer-2012>
- Problem sets, problem set solutions, many readings and handouts will be available on the course web site

## **Academic Integrity:**

All violations of academic integrity (as defined in the ISU handbook for students) are taken very seriously, and will be reported to the appropriate committee.

## **Disability Statement:**

If you have a documented disability that requires assistance, you will need to contact the Disability Resource (DR) Office for coordination of your academic accommodations. The DR is located in the Student Services Building, Room 1076. Their phone number is 515-294-7220.

## **Attendance:**

Attendance in lectures is strongly recommended since all exams, assignments and lab session questions closely follow the lectures. It is your responsibility to find out what was covered in class if you do miss a lecture. I will not go over the missed material in office hours.

Want to be successful in this course? **Then don't skip class!**

## **Classroom Etiquette:**

We must all work together to make sure the in-class environment is an enjoyable experience for all and is conducive to learning. As a general principle: *be considerate of those around you.* Here are a few "Do's" and "Don'ts":

- Do turn your cell phone to silent mode in class.
- Do sit near the door if you must leave class early.
- Do feel free to ask questions during class.
- Do not talk with fellow students during lecture. If many students do this, the collective result is a lot of distracting noise.
- Do not start whispering or gathering up your materials before the lecture is completely over. It is very distracting

## Topics (Tentative):

1. Principles and Micro-Foundations
  - International Trade Theory
    - Absolute and Comparative Advantages
    - Ricardo-Viner Model
    - Heckscher-Ohlin Model
  - Demand and Supply
  - Competitive Market
    - Equilibrium Theory
    - Government Intervention
  - Intro to Game Theory: Part I
    - Static Game with Complete Information
    - Nash Equilibrium
    - Learning and Coordination in Games
  - Intro to Contract Theory
    - Critical Mass and Market Breakdown
    - Incentives and Moral Hazard
2. Macro Statistics
  - GDP
  - Price Index and Inflation
  - Unemployment
  - Economic Growth
    - Returns to Scale
    - Solow Model
  - Inequality
    - Lorenz Curve and Gini Coefficient
    - Poverty and Education
3. Financial Markets
  - Financial System
  - Monetary System
  - Monetary Policy
  - Intro to Game Theory: Part II
    - Static Game with Incomplete Information
    - Herding
  - Economic and Financial Crises
    - Self-fulfilling Prophecy
    - Bank-Runs
    - Stock Market Crash (Prices and Crises)

4. Corporate Finance and Investment

- Bond
- Stock
- Option
- Investment

5. Selected Topics (At most two topics will be covered in-depth due to time constraints)

- Market Design
  - Auction Mechanism
  - Revelation Principle and Implementation Theorem
  - Matching: Marriage and Dating
  - Matching: School Choice
  - Two-sided Market and Pricing
- Economic Networks
  - “Six Degrees of Separation”
  - Homophily
  - Friendship
  - Markets and Networks
  - Strategic Behavior in Networks
- Social Economics
  - Urban Decline
  - Segregation and Isolation
  - Social Norm