

University of Georgia
Terry College of Business
Department of Economics

ECONOMICS 2105
Principles of Macroeconomics
Spring 2007 Session
Caldwell Hall 304
Monday, Wednesday, Friday; 12:20-13:10pm

Instructor: Ilker Kaya

Email: ilker@uga.edu

Office: 506 Brooks Hall

Office Hours: Monday and Wednesday 13:20-14:20pm, and by appointment.

Required Textbook: N. Gregory Mankiw, *Principles of Macroeconomics*, 4th edition.

Supplemental Readings: Supplemental materials will be posted on WebCt .

Prerequisites: There are no prerequisites for this course.

Course Description and Objective: Economics is the study of choices made by individuals and societies in the alternative uses of scarce resources which are used to satisfy wants. There are two branches of economics – microeconomics and macroeconomics. In microeconomics, we study the behavior and the choices of individuals, firms, and the government.

On the other hand, macroeconomics is the study of the economy as a whole and the impact of our collective decisions on the allocation of resources. For this course, we are interested in using macroeconomic theory to answer real-life questions such as the following: What are the benefits of a capitalist vs. a centrally-planned economy for resource allocation? Why are some countries poor and some countries rich? What is economic growth and why is it imbalanced across countries? What impact does an announcement by Ben Bernanke have on economic activity? How do inflation and interest rates affect you? What is an economic boom? What is an economic depression? Why in the past did the US impose tariffs on foreign imports, for instance imported cars? Were these tariffs effective? What is the effect of trade liberalization on the global economy, in particular on developing countries? These are some of the interesting questions that we will answer throughout the course. I hope to provide you with a “macroeconomics principles toolkit” so that you can better understand our domestic and international economy.

Classroom Sessions and Textbook: I will follow closely the required textbook and use simplified examples where appropriate. But my lectures will not be limited to the required text, and you may find me giving certain examples that you cannot find in your textbooks. For this reason I encourage you to attend class regularly and to complete the assigned readings before the class session. I will try to emphasize important points as we proceed. Please feel free to ask questions during our class time. In the attached course

outline, I have enumerated the pages of the textbook that I expect to cover during the classroom sessions.

WebCT and e-mail: Course materials will be posted on WebCT. You must have a UGA "myid" to access these course materials. If you do not have a UGA "myid" you can get one at <https://www.arches.uga.edu/myid/>.

At times I may communicate with you via the e-mail facility in WebCT. WebCT sends e-mail to your UGA e-mail account. If this is not the account that you check regularly, you will need to give WebCT an e-mail forwarding address. From the course home page go to communication, mail, manage messages.

Attendance: Your attendance in this class will not be monitored and will not account for a portion of your final grade, but note that excessive absences are often correlated with poor test performance.

Lecture notes will be posted on WebCT but these should not substitute for coming to class. In the event that you do miss class, you should see a classmate for copies of that day's notes for any discussion or explanations not included in the on-line notes.

Assignments/ Exams/ Grading: There will be five assignments, two in-class exams and a comprehensive final. The questions may include any of the following: multiple choice, true/false, problem-solving and short answer. Details of each graded component of the course are included below.

Assignments: I will assign approximately five problem sets during the semester, which will be posted, along with deadlines, on WebCT. All homework sets will be graded, but the lowest score will be dropped when calculating your final grade. You are allowed and encouraged to discuss problem sets with your fellow students, but the work you turn in must be yours and yours alone. You must turn in hard copies of your work.

To receive full credit, take-home problem sets must be handed in at the beginning of the class period on the date due. The grade on late take-home problem sets is automatically reduced by 50 percent. If the problem set is not received by the beginning of the next scheduled class period, the grade is zero.

Exams: There will be two midterms and one final exam. Exams will include multiple choice and short-answer questions as well as problems.

You will be allowed to use a **non-programmable** calculator for all exams, but you may not use a cellular phone as a calculator.

Exam Dates:

Test 1 Friday, February 23rd

Test 2 Wednesday, April 4th

Final Exam Wednesday, May 2, 2007 (12:00 - 3:00 pm)

Makeup exams: There will be no makeup exams for the midterm exams or the final exam. Failure to take the final exam at the scheduled time will result in a grade of zero.

Two exceptions to this rule apply:

- (i) If you complete the process outlined by the Office of Curriculum Systems (www.curriculumsystems.uga.edu), verifying that you have another final exam scheduled for the same time or three final exams scheduled for the same day:

Or

- (ii) If you have a family emergency or serious illness. Documentation of the emergency or illness will be required, and you must make arrangements promptly to take the exam at another time.

Overall Course Grade: Your course grade will be calculated by multiplying the appropriate weight by your percentage score on each graded component and determining a weighted average. Grades will be determined by the following scale:

91% and above A
88%-90.9% A-
84%-87.9% B+
80%-83.9% B
78%-79.9% B-
74%-77.9% C+
70%-73.9% C
68%-69.9% C-
60%-67.9% D
Below 59.9% F

Your grade will be based on the following:

Assignments	20 percent (all equally weighted after dropping the lowest score)
2 In-class Exams	20 percent each
Final Exam	40 percent

There are no opportunities for extra credit; you will receive the grade that you earn.

Academic Honesty: I will strictly follow UGA's Academic Honesty Policy, which is described at http://www.uga.edu/ovpi/academic_honesty/culture_honesty.htm. All academic work must meet the standards contained in "A Culture of Honesty." Each student is responsible for knowing those standards before performing academic work. Note that under this policy a student found guilty of academic dishonesty receives an "F" in the relevant class and may be suspended or expelled from the University. I will report any violations of the academic honesty code to the Office of the Vice President for Instruction.

Special Needs: I am aware that there are many situations that may arise during the semester that can affect your in-class performance. Students with a disability or health-related issues who need a classroom accommodation should make an appointment to see me as soon as possible. Please present the appropriate documentation from Disability Services at that time.

Comments: I encourage you to do the homework and the assigned problems as review of the chapters and as practice for the exams as we go along in the semester. They will be a good gauge of your understanding of the course-material. Please feel free to use my office hours to discuss the practice assignments as well.

Syllabus and Course Outline: Please see below for the course outline. The course syllabus and course outline are general plan for the course; deviations (including changes in exam dates) announced to the class by the instructor may be necessary.

COURSE OUTLINE (Numbers next to each topic correspond to assigned chapters in the Mankiw text.)

Additional reading assignments will be made available on WebCt at the appropriate point in the semester.

Part 1: Introduction

- 1 Ten Principles of Economics
- 2 Thinking Like an Economist
- 3 Interdependence and the Gains from Trade

Part 2: How Markets Work

- 4 The Market Forces of Supply and Demand

Part 4: The Data of Macroeconomics

- 10 Measuring a Nation's Income
- 11 Measuring the Cost of Living

Part 5: The Real Economy in the Long Run

- 12 Production and Growth
- 13 Saving, Investment, and the Financial System
- 15 Unemployment

Part 6: Money and Prices in the Long Run

- 16 The Monetary System
- 17 Money Growth and Inflation

Part 7: The Macroeconomics of Open Economics

- 18 Open-Economy Macroeconomics: Basic Concepts
- 19 A Macroeconomic Theory of the Open Economy

Part 8: Short-Run Economic Fluctuations

- 20 Aggregate Demand and Aggregate Supply
- 21 The Influence of Monetary and Fiscal Policy on Aggregate Demand
- 22 The Short-Run Trade-off between Inflation and Unemployment

Part 9: Final Thoughts

- 23 Five Debates over Macroeconomic Policy