



Shanghai Jiao Tong University

EC311 Intermediate Macroeconomics

|                                    |   |                 |         |
|------------------------------------|---|-----------------|---------|
| <b>Instructor Information:</b>     | Tommy Leung<br>Home Institution: Wake Forest University<br>Email: leungtc@wfu.edu<br>Office Hours: Determined by Instructor |                 |         |
| <b>Term:</b>                       | June 29, 2020<br>- July 24, 2020  | <b>Credits:</b> | 4 units |
| <b>Class Hours:</b>                | Monday through Friday, 120 minutes per teaching day   |                 |         |
| <b>Discussion Sessions:</b>        | 2 hours each week, conducted by teaching assistant(s)   |                 |         |
| <b>Total Contact Hours:</b>        | 66 contact hours (1 contact hour = 45 mins, 3000 mins in total)   |                 |         |
| <b>Required Texts (with ISBN):</b> | N. Gregory Mankiw, Macroeconomics, the 9th edition, Macmillan Learning, USA 2016  |                 |         |
| <b>Prerequisite:</b>               | EC108 Macroeconomics  |                 |         |



## Course Overview

The primary goal of this course is to help you develop a consistent way of thinking about some key macroeconomic phenomena. In particular, we will try to address the following type of questions

1. What drives economic growth? What explains the large differences in economic performance across different countries of different times? What is the role of policy in economic growth?
2. What are the determinants of consumption and saving? How do they matter for both the long run and the short run?
3. Why are people unemployed? What should the government do about unemployment?
4. Why does macroeconomic activity fluctuate? How do different shocks and policies affect employment, output, investment and consumption over the business cycle?
5. Should the government try to stabilize the economy against business-cycle fluctuations, and how? Is it better to restrict what the government can do even if it is fully benevolent, or should we give full discretion to the government?

We will shed light on all the above questions. However, do not expect a simple answer to any of these questions—there is no simple answer! Rather, what you should aim for is to develop a framework for studying these questions, along with some empirical guidance. We will review some of the key lessons research in macroeconomics has reached over the years—lessons that will help you understand why certain policy questions remain the topic of hot debate in both the academic and the political arena.

## Teaching Approach

1. Stress the basic principles of economics;
2. Avoid nonessential material;
3. Explain difficult concepts patiently;
4. Use concrete examples



### Grading Policy

|                    |     |
|--------------------|-----|
| Attendance         | 10% |
| Homework Sets (x3) | 30% |
| Exam (x3)          | 60% |

### Grading Scale

| Number grade | Letter grade | GPA |
|--------------|--------------|-----|
| 90-100       | A            | 4.0 |
| 85-89        | A-           | 3.7 |
| 80-84        | B+           | 3.3 |
| 75-79        | B            | 3.0 |
| 70-74        | B-           | 2.7 |
| 67-69        | C+           | 2.3 |
| 65-66        | C            | 2.0 |
| 62-64        | C-           | 1.7 |
| 60-61        | D            | 1.0 |
| ≤59          | F (Failure)  | 0   |

Exams: Three exams are non-comprehensive and each exam consists of 5-6 essay questions.

Homework: Three homework sets are distributed during the course in order to give you practice working with the concepts introduced in the class and also to prepare you for the exams. Homework serves as a sample exam in the sense that their questions are similar to those of exams in topics, difficulty degree, and number of questions. The failure to try all questions is viewed as an indication of lack of effort, besides costing you the points you could have earned on the homework.

1. If you miss an exam without an excused absence, you will receive a zero on it. No makeup exams are given;
2. If an illness or some emergency prevents you from attending class, or taking one of exams, please try to discuss this with me before the class and the exam. Documentation (notification from doctor, for instance) may be required. If you don't contact me until after the exam, documentation will be required. If you are excused from one exam, then other exam will be worth 150 points (rather than 100 points) for each. Similar policy applies for homework. You also will not lose 4 points for attendance if you contact me before the class;
3. The answer key is distributed on the due day;
4. Anyone caught cheating on any exam or quiz will receive an "F" in the class and will have their case referred to the Student Judicial Office for additional disciplinary action.



## Learning Tips

Many students perceive macroeconomics as being a very difficult, if not impossible, course to master. However, this perception is, in all likelihood, based on observations of the experiences of other students who did not apply the proper approach to learning macroeconomics. In many courses, simple memorization is enough. This is not the case in economics. In this course you will need to understand the meaning of basic terms and concepts, but you will also be required to demonstrate the ability to apply macroeconomic concepts in specific situations. In other words, you will be required to demonstrate the ability to think like an economist!

As you proceed through the course keep in mind that you learn macroeconomics by doing economics. That is why the collaborative exercises, study guide, quizzes, homework, and essay questions are so important. They contain a wide variety of problems that require you to apply what you have learned and, at the same time, to test your understanding of the materials.

I recommend the following approach to studying and learning macroeconomics.

1. Read over the material we will be covering in class before each session. The idea is not to master the material being covered but simply to familiarize you with the concepts to be covered in class. In addition, start working on the questions in the study guide that your group will be working on during the next class session;
2. Attend each class, take good notes, and assume an active role within your group;
3. After class, read the text again, study your notes and continue working in the study guide;
4. Form a study group that meets outside of class on a regular basis to go over the material, work on homework, and go over problems in the study guides;
5. See me if you feel lost. Don't wait as things will only get worse! You (and the taxpayers of Illinois) are paying me to teach this course, so take advantage of my services. If you can't make office hours, see me after class or call/email me, and we will set up a mutually convenient time.



### Class Schedule

| Date   | Lecture   |
|--------|---|
| Day 1  | 1. The Science of Macroeconomics  |
| Day 2  | 2. The Data of Macroeconomics   |
| Day 3  | 3. National Income: Where It Comes From and Where It Goes   |
| Day 4  | 4. The Monetary System: What It Is and How It Works   |
| Day 5  | 5. Inflation: Its Causes, Effects, and Social Costs   |
| Day 6  | 6. The Open Economy   |
| Day 7  | 7. Unemployment and the Labor Market  |
| Day 8  | 8. Economic Growth I: Capital Accumulation and Population Growth                                    |
| Day 9  | 9. Economic Growth II: Technology, Empirics, and Policy   |
| Day 10 | 10. Introduction to Economic Fluctuations   |
| Day 11 | 11. Aggregate Demand I: Building the IS-LM Model  |
| Day 12 | 12. Aggregate Demand II: Applying the IS-LM Model   |
| Day 13 | 13. Open Economy Revisited: The Mundell-Fleming Model and the Exchange-Rate Regime                  |
| Day 14 | 14. Aggregate Supply and the Short-run Tradeoff Between Inflation and Unemployment                  |
| Day 15 | 15. A Dynamic Model of Economic Fluctuations  |
| Day 16 | 16. Understanding Consumer Behavior   |
| Day 17 | 17. The Theory of Investment  |
| Day 18 | 18. Alternative Perspectives on Stabilization Policy  |
| Day 19 | 19. Government Debt and Budget Deficits   |
| Day 20 | 20. The Financial System: Opportunities and Dangers<br><b>Epilogue: What We Know, What We Don't</b> |