Introduction to Macroeconomics (ECON E202)

Course Description

This course is an introduction to the fundamentals of Macroeconomics, which is the study of the aggregate economy. Students will be introduced to classical macroeconomic concepts such as: economic growth, recessions, inflation, unemployment, money, financial intermediaries, interest rates, exchange rates and business cycles. The course material is designed to equip students to analyze real macroeconomic problems and better understand the most pressing issues facing the U.S. and global economies. Introduction to Macroeconomics will serve as the basis for a more advanced course of study in Macroeconomic Theory.

Required Textbook:


Course Outline:

1. Introduction
   a. What is Macroeconomics?
   b. The Circular flow Model

2. Measuring a Nation’s Income
   a. The Economy’s Income and Expenditure
   b. The Measurement of Gross Domestic Product (GDP)
   c. The Components of GDP
   d. Real versus Nominal GDP
   e. GDP as a measurement of Economic Well-Being.

3. Measuring the Cost of Living
   a. The Consumer Price Index
   b. Correcting Economic Variables for the effects of Inflation.
4. Production and Growth  
   a. Economic Growth around the world  
   b. Productivity: Its Role and Determinants  

**First Midterm Exam**  

5. Saving, Investment and the Financial System  
   a. Financial Intermediaries (Banks)  
   b. Saving and Investment in the National Income Accounts  
   c. The Market for Loanable Funds  

6. Unemployment  
   a. Identifying Unemployment  
   b. Job Search  
   c. Minimum-Wage Laws  

7. The Monetary System  
   a. The Meaning of Money  
   b. The Federal Reserve System  
   c. Banks and the Money Supply  
   d. The Fed’s tools of Monetary Control  

8. Money Growth and inflation  
   a. The Classical Theory of Inflation  
   b. The Costs of Inflation  

**Second Midterm Exam**  

9. Open Economy Macroeconomics: Basic Concepts  
   a. The International Flows of Goods and Capital  
   b. The Prices for International transactions: Real and Nominal Exchange Rates  

10. Business Cycles  
    a. Facts about Business Cycles  
    b. Theories of Business Cycle Causation  
    c. Countercyclical Policy.  

**Grading**  

Grading of this course will be based on the following:  
- Assignments (30%).  
- Midterm Exams (30%).  
- Final Exam (40%).
Grades will be determined as follows:
A : 95 - 100 ; A- : 90 - 94 ; B+ : 85 - 89 ; B : 80 - 84 ; B- : 75 – 79;
C + : 70 –74 ; C : 65 – 69 ; C - : 60 – 64 ; D+ : 55 – 59 ; D : 50 – 54 ;
Below 50 : F.

Policies on Academic Misconduct

Students must follow the Code of Student Rights, Responsibilities, and Conduct (http://life.iupui.edu/rights/docs/CodeofConduct.pdf). Penalties can be applied for cheating, fabrication, plagiarism, or sabotaging the work of other students. In particular, plagiarism occurs when you adopt, reproduce, or paraphrase the ideas, words, or statements of another person without appropriate acknowledgment. Quotes and paraphrases should include a complete reference. Facts, statistics, and the like should include references unless the information is common knowledge. When in doubt about any of these policies, ask the instructor.

Cheating or plagiarism on any assignment or exam will result in a failing grade for that assignment and, at the instructor’s discretion, depending on the nature of the violation, a failing grade for the course. The misconduct will also be reported to the Dean of Students who will decide on any further appropriate action.

Important Notes:

- All the course material including: the Course Outline, PowerPoint Presentations, and Assignments will be posted on Oncourse.
- Please frequently check your university emails and the messages section on Oncourse for any updates.
- Attendance is required.
- Failing to submit assignments before the deadline may result in losing the grade of the assignment altogether except in the case of emergencies. Yet, even in the case of emergencies, it has to be under the discretion of the instructor.
- Make-up exams will be offered only in cases of illness or emergency documented by a physician or other reliable source.
- Students will be having two Midterm Exams and one Final Exam.
- The Final Exam is comprehensive.