

Tuesday/Thursday Class L1: 13:30-14:50 and Class L2: 15:00-16:20pm, both in LTF

Instructor: Carsten A. Holz

Office hours (during the teaching period): Tuesday 12:30-13:30, Room 2383

Contact: carstenholz@gmail.com. Please include course code "SOSC 1440" in the subject line.

Teaching assistant (TA):

TA: Name, email, office hour day/time, Room (lift)

The teaching assistant(s) is (are) not authorized to respond to any form of special request.

*Please read this syllabus in full before contacting the instructor or teaching assistant(s).
If you want to contact more than one of us, please email one of us and cc to the other(s).*

Class webpage: CANVAS

Course description

This course introduces the fundamental principles of microeconomics and macroeconomics. For many students, this may be the only economics course they ever take. Therefore, after the first three weeks, we focus on macroeconomics, the part of economics you will most likely find useful in the future, such as when following economics discussions in the news.

We cover basic concepts of supply and demand, the definition and construction of macroeconomic variables, the determination of output, unemployment, prices, and interest rates in the long run and in the short run, and an introduction to open economy macroeconomics. In detail, the course covers:

- the seven core principles of economics through which to view, analyze, and understand current economic scenarios.
- a comprehensive treatment of the key variables of interest to economic policy makers and citizens, namely output, inflation, and employment.
- a clear distinction between real and nominal data and their implications.
- determinants of economic growth in the long run, some facts of economic growth, and the implications of economic growth.
- business cycles with the determinants of output, employment, and interest rates in the short run and policy options to address recessionary or expansionary gaps, and analysis of the multiplier effect.
- a discussion of the objectives and tools of macroeconomic policy.
- an introduction to the international economy with the economics of the current account and the foreign exchange market, and its implications.
- a discussion of current and recent economic events, including the 2008 U.S. financial crisis.

Intended learning outcomes

On completion of the course, students are expected to be able to:

- Understand the logic of economic reasoning.
- Apply basic economic analysis to explain and predict economic outcomes.
- Have a deeper understanding of economic issues and events.
- Be able to critically evaluate discussions of economic issues.

Textbook

Frank, Robert H., and Ben S. Bernanke (also: Kate Antonovics and Ori Heffetz). *Principles of Macroeconomics* (7th Edition, 2018). McGrawHill (ISBN: 9781260098792).

Supplementary material may be added. We use power point slides. These are posted on CANVAS.

Requirements and grading

- (1) Assignments: 16%. 2% (pass/fail) for each assignment up to a maximum of 8 assignments, out of approximately 10. Assignment answers will not be graded. Assignment answers will be discussed in class. We may distribute model answers. If we do, it will likely be with a time lag, albeit before the relevant exam.

Assignment questions will be posted on CANVAS, typically referring to textbook end-of-chapter “Problems” (questions). Assignment answers must be handed in via CANVAS.

Copy your answers into the CANVAS window. Don’t worry about formatting.

Do **not** attach a file. If the assignment question asks for a chart or table, do it for yourself (no need to submit).

You may want to bring a copy of your answers to class for use during class discussions.

You are free to collaborate with other students in pondering answers to the assignment questions, but your answers must be written up separately (must not be identical). If your answers are identical or near-identical to those of one or more other students, all students concerned receive zero points, and will be informed so within one week of the submission deadline.

If you experience problems with CANVAS, it is your responsibility to resolve the problems with CANVAS technical support. It would seem best to do the first assignment, so that if there is a technical difficulty (and you receive zero points for the first assignment) you still have enough opportunities to score full points on assignments.

Late submissions are *not accepted* under any circumstances (including illness, family emergencies, technical difficulties with CANVAS, or joining the course late).

- (2) Two midterm exams, in class: 22% each. Dates: Friday 3 October 2019 and 31 October 2019 [Second date to be confirmed].

- (3) Final exam: 40%. The final exam is cumulative. Date: as determined by the university. Questions from the midterm exams will not be repeated on the final exam.

Active class participation is expected.

Missing a midterm exam

No apology is needed if you miss one or both of the midterm exams (for whatever reason, oversleeping, illness, family emergency, don’t feel like taking a midterm exam), and *no penalty is imposed*. There is no make-up midterm exam. If you miss a midterm exam, the weight of that midterm exam is added to the final exam. If you take a particular midterm exam, it counts. (You cannot afterwards decide if it counts or not.)

Missing the final exam.

Missing the final exam implies a final exam score of zero, with the following *exceptions*, in which cases *you have to take the initiative* to be given a (essay-type) make-up exam: (i) the university excuses you from taking the final exam; (ii) any university rules regarding multiple final exams within a short time period apply; (iii) *documented* medical emergencies, or family emergencies, approved by the instructor.

In the case of a medical emergency, a doctor’s certificate stating specifically that you were too ill to work on the day of the final exam is required. (A statement that you saw the doctor is not good enough.)

In the case of a family emergency, regarding a close family member, objective documentary evidence is required. An email from you, or a letter from a parent, is not enough. You need to document the specific family emergency and to the greatest extent possible your presence at this emergency.

Miscellanea

Class attendance. No class attendance is taken. You are free to self-study and not attend the class. The course closely follows the textbook. It may also involve news items (we’ll try to put those on CANVAS), short video clips (for illustration of an item covered in the textbook), and at least one documentary film (*Inside Job*). An attempt will be made—this is not a guarantee—to design the exams such that those who self-study have equal chances of doing well in the exams as students who attend

class, as long as self-study students follow all postings on CANVAS and come to class for any documentary film shown as well as its discussion, and whenever especially prompted by a notice on CANVAS to come to class. (Students who self-study may want to consider not taking part in the teaching evaluation since they will not have experienced the instructor teach, unless they want to praise the instructor for allowing them to self-study...)

The midterm exams and the final exam will likely follow a multiple choice and possibly True/False format. One or more essay questions will likely be on the final exam, and possibly on the midterm exams. Exams are closed book/closed notes. Bring a simple calculator (and your student ID and writing utensils) to all exams. *Programmable* calculators and cell phones are prohibited.

The midterm exams and the final exam cover material presented/discussed in class, assignments, film(s), and the required readings (including supplementary readings and news items as covered in class).

Exams will not be returned to the student. The midterm exams can be viewed in office hours of a teaching assistant (TA) during the seven days following release of the exam score.

You can appeal the grading of the midterm exams to the instructor within ten days of release of your score. Specify in writing where and why you should get more points. You will receive a written response. A key issue is fairness to everyone and the grading rule used for the whole class will be maintained. The instructor may re-grade your *whole* exam (with the possibility of a lower score).

There are no extra-credit assignments.

What we do in class does not necessarily have a one-to-one correspondence with the required readings. If you miss a class that you wanted to attend, please make arrangements with a fellow student for them to explain the class to you or to share their notes with you. You can also talk to the TA, but the TA is not responsible for repeating a class to you. The instructor's lecture notes consist of the power point slides which are being made available to you.

Email: Raise general questions about exams or grading policy in class for everyone to hear the question and answer. The instructor will address such issues in class only (not by email or in office hours). TAs are not authorized to answer questions regarding exams or grading policy.

Final course grade. The final course grade is (i) based on a histogram of all student (total) scores, (ii) taking into consideration an absolute standard and (iii) the grade distribution in similar courses in the past. (A histogram frequently shows student scores to come in clusters and those naturally translate into A, B, etc. clusters.) When in doubt, the class mean is equivalent to a B-. Actual grading may diverge in either direction.

Optional readings

Economics started with Adam Smith's *Wealth of Nations*, written in 1776. It's still one of the best presentations of basic economic ideas. But given the language—it was written almost 250 years ago—it's not an easy read.

A more "recent" book is Milton Friedman and Rose Friedman, *Free to Choose: A Personal Statement*, of 1990 (any edition will do). It's written for non-economists and explains with many examples. Chapters 1, 2 and possibly 3 and 9 may be the most relevant. The other chapters apply economics to the specifics of the U.S. through approximately 1980. Read the book with a critical mind.

Class Schedule

The exact class schedule may change. The midterm exam dates will **not** change *once this syllabus is final, and we may yet drop the second midterm exam*. The midterm exams are in class.

Week 1: Tuesday 5 September, and Thursday 5 September

Textbook Frank/Bernanke FB 1: Thinking Like an Economist
FB 2 Comparative Advantage

Week 2: 10 and 12 September

FB 3 Supply and Demand
FB 4 Macroeconomics: The Bird's-Eye View of the Economy (to be continued)

Week 3: 17 and 19 September

FB 4 Macroeconomics: The Bird's-Eye View of the Economy (continued)
FB 5 Measuring Economic Activity: GDP and Unemployment
FB 6 Measuring the Price Level and Inflation (to be continued)

Week 4: 24 and 26 September

FB 6 Measuring the Price Level and Inflation (continued)
FB 7 Economic Growth, Productivity, and Living Standards (to be continued)

Week 5: Thursday 3 October Midterm Exam **Date very likely is final** [1 October is a public holiday]

Week 6: 8 and 10 October

FB 7 Economic Growth, Productivity, and Living Standards (continued)
FB 8 The Labor Market: Workers, Wages, and Unemployment

Week 7: 15 and 17 October

FB 9 Saving and Capital Formation
FB 10 Money, Prices, and the Federal Reserve (to be continued)

Week 8: 22 and 24 October

FB 10 Money, Prices, and the Federal Reserve (continued)
FB 11 Financial Markets and International Capital Flows

Week 9: 29 October and 31 October

FB 12 Short-Term Economic Fluctuations: An Introduction
Second midterm exam 31 October [may yet be dropped, or moved to 5 November]

Week 10: 5 and 7 November

Film *Inside Job* and FB 13 Spending and Output in the Short Run

Week 11: 12 and 14 November

FB 14 Stabilizing the Economy: The Role of the Fed

Week 12: 19 and 21 November

FB 15 Aggregate Demand, Aggregate Supply, and Inflation
FB 16 International Trade and Trade Policy (to be continued)

Week 13: 26 and 28 November

FB 16 International Trade and Trade Policy (continued)
FB 17 Exchange Rates and the Open Economy

Final exam: date as determined by the university