

Economics Department, SJSU. Spring 2015

Economics 1A- 01-20215 & (02-20216)

**Principles of Economics:  
Macroeconomics**

**Class Mtg:**  
MW:12:00 - 13:15.  
DMH 160

**Instructor:**  
Dr. Y. N. Shieh  
(ynshieh@yahoo.com)

**Office Hours:**  
MW: 09:00 - 11:45.  
or by appointment

**Office and Phone:**  
DMH - 142  
924 - 5413

**Materials Required for Class:**

1. Robin Bade and Michael Parkin, **Foundations of Macroeconomics: Student Value Edition Plus NEW MyEconLab with Pearson eText - Access Card Package, 7/E (2014)**, ISBN-10: 0133578224 and ISBN-13: 9780133578225, Pearson.
2. **Lab:** myeconlab
3. All materials in <http://www.sjsu.edu/people/yeung-nan.shieh/>

**Course Description and Objective:**

Economics is a *social science*, which covers the actions of individuals and groups of individuals in the processes of *producing, exchanging, and consuming goods and services*. It is divided into two major branches: macroeconomics (Econ. 1A) and microeconomics (Econ. 1B).

Macroeconomics is the study of the economy as whole - including growth in income (standard of living), changes in prices (cost of living), and the rate of unemployment (business cycle). The objective of this course is to study *a set of macroeconomics concepts and tools of analysis* to help us to answer the following macroeconomic questions:

1. How does our economic system work?
2. Why is in the long run mainly a story of ups rather than downs?
3. Why are there ups and downs in the economy?

After attending the lectures, reading the assigned materials and completing the assignments, each student will be able to:

1. Utilize basic economic concepts as an informed citizen to examine the fundamental economic aspects of public policy issues and economic problems.
2. Recognize and correctly identify most of the basic economic concepts, definitions and terms presented in the basic materials of the course.
3. Utilize the detailed and logical structure of economic theory to evaluate social information, formulate policy implications, and identify the dynamics of various groups and how they related in terms of economic issues.

**Grading:**

Each student will be evaluated at the end of the semester according to the total number of points accumulated from quizzes, exams, lab assignments. Each student's total accumulated points will be divided by the total possible points to calculate a fraction. If a fraction's value is

0.90 or more	the student will earn an A
0.85 - 0.90	the student will earn an A-
0.80 - 0.85	the student will earn a B+
0.75 - 0.80	the student will earn a B
0.70 - 0.75	the student will earn a B-
0.65 - 0.70	the student will earn a C+
0.60 - 0.65	the student will earn a C
0.55 - 0.60	the student will earn a C-
0.50 - 0.55	the student will earn a D+
0.45 - 0.50	the student will earn a D
0.40 - 0.45	the student will earn a D-
less than 0.40	the student will earn a F

**Exams:**

There will be *two* 75 minutes exams during the semester and a comprehensive final exam. Examinations are a combination of multiple choice and short answer. Each 75 minutes exam will be worth 120 points. The final exam will be worth 240 points. *Contact me within 24 hours of missing an exam so that a make-up can be arranged.* Only university-authorized absences provide a basis for student's taking a make-up, but exceptions may be made for other unusual circumstances provided procedures above are followed.

**Quizzes:**

There will be a brief 10 minutes quiz after the completion of each chapter. Each quiz will be worth 12 points. Of 12 quizzes, your two worst performances will be discarded. Absences will be scored as zero and up to two may be counted as discards. The 10 quizzes remaining will account for 120 points.

**Computer Lab and Homework:**

During this course, to complete certain reading and homework assignments, you will be required to access a new Website dedicated to students and professors of economics. To access the Website, you need a connection to the Internet from any computer on campus or your home. You also need to register for an account with **Myeconlab** at [pearsonmylabandmastering.com](http://pearsonmylabandmastering.com).

Homework assignments will be announced on the course website at **Myeconlab**, **Myeconlab** will keep track of your performance and provide it to the professor at the end of the semester. And it will count as 240 points toward your grade.

**Total Points Possible:**

240	(75 minutes exams)
120	(Quizzes)
240	(Lab Assignments)
<u>240</u>	(Final Exam)
840	

**Examination Schedule:**

1. Monday, March 2.
  2. Wednesday, April 8.
- The final exam will be on Thursday, May 21, (09:45 - 12:00).

**Important Notes:**

1. Tuesday, February 3 is the last day to drop without an entry on student's permanent record.
2. Tuesday, February 10 is the last day to add courses and register late.
3. University Policy Information:
  - a. Academic integrity statement (from Office of Judicial Affairs): "Your own commitment to learning, as evidenced by your enrollment at San Jose State University and the University's Academic Integrity Policy requires you to be honest in all your academic course work. Faculty is required to report all infractions to the Office of Judicial Affairs." The policy on academic integrity can be found at <http://www2.sjsu.edu/senate/S04-12.pdf>.
  - b. Campus policy in compliance with the Americans with Disabilities Act: "If you need course adaptations or accommodations because of a disability, or if you need special arrangements in case the building must be evacuated, please make an appointment with me as soon as possible, or see me during office hours. Presidential Directive 97-03 requires that students with disabilities register with DRC to establish a record of their disability."

**Course Outlines and Reading Assignments:**

## 1. Introduction (chapters 1, 2)

What is Economics? What is macroeconomics? Limited resources and unlimited wants. Scarcity. Choice. What, How and For Whom? Economic way of Thinking. A look at the U.S. and Global Economy.

## 2. The Economic Problem (chapter 3)

PPF. Opportunity Cost. Specialization and Exchange. Comparative Advantage (CA). Absolute Advantage (AA).

## 3. Price System (chapter 4)

Markets, Consumer and Producer, Demand and Supply, Market Prices. The Market System and Pure Capitalism.

**First Exam: Monday March 2.**

## 4. Measuring National Output (chapter 5)

Measuring GDP, National Income, RGDP. GDP per capita. The standard of living over time.

## 5. Unemployment and Inflation (chapters 6, 7)

Unemployment rate. Labor participation rate. Full employment. Price indexes. CPI. Inflation Rate.

## 6. Potential GDP and the Natural rate of unemployment (chapter 8)

Production function. Labor market. Full employment and potential GDP. Natural rate of unemployment.

**Second Exam: Wednesday, April 8.**

## 7. Economic growth (chapter 9)

Economic Growth. Growth Rate of RGDP. Growth Rate of RGDP Per Person. Rule of 70. Labor Productivity. Physical capital. Human capital. Technology. Growth accounting.

## 8. Finance, saving and investment (chapter 10)

Capital and Investment. Wealth and Saving. Four financial assets: stocks, bonds and loans. Financial institution: investment banks, commercial banks, government sponsored mortgage lenders, pension funds and insurance companies. Loanable funds market. Real interest rate.

## 9. Aggregate Demand and Aggregate Supply (chapter 13)

Aggregate demand. Aggregate Supply. AD-AS model. Short-Run Macroeconomic Equilibrium. Business Cycle.

## 10. Money, Banking and Monetary policy (chapters 11, 12)

What is Money? How Banks create Money? How FRB controls Money Supply. The Impact of Monetary Policy on Economic Activity. Interest Rate Determination. Money Market Equilibrium.

**Final Exam: Thursday, May 21, (09:45 - 12:00).**