



South China Normal University International Summer Session

07B06061: Macroeconomics

Term: July 15th –August 9th, 2019

Instructor: Dr. Peter Wylie

Home Institution: The University of British Columbia

Credit: 4

Course Description

This course focuses on the analysis of aggregate economic activity with respect to the level, growth and stability of national income. We examine the major theories used by macro economists to analyze both national economies and the international economy. Topics include the measurement and explanation of aggregate economic performance, monetary and fiscal policies, business cycles, international trade, capital flows, and exchange rates. Students apply macroeconomic analysis to current policy-related topics such as unemployment, inflation, budget deficits, and trade balances.

No Prerequisite

Course Goal

A student who satisfactorily completes this course should understand at an introductory level the basic principles of macroeconomics; and be able to apply in their everyday life and in their analysis of the world around them these basic principles. There are seven sections of the course:

1: Fundamental Principles of Macroeconomics; this covers the principles productivity and growth, of monetary versus real economic variables; and of the circular flow of output, income and expenditure;

2: The Data of Macroeconomics; the measurement of Gross National and Domestic Product (GNP and GDP) the measurement of the cost of living (Consumer Price Index); the measurement of unemployment;

3: Principles of the Real Economy in the Long Run; production, productivity, growth and the standard of living; principles of savings, investment and the financial system; the basic tools of finance (time value of money, the management of risk and the risk-return tradeoff, and the valuation of assets); and the natural rate of unemployment;



4: Principles of Money and Prices in the Long Run; the definition and measurement of money; how the monetary and banking system works and the money creation process (money multiplier); the relationship between monetary growth and inflation in the long run;

5: Macroeconomic Principles of Open Economies; the principles of open economy macroeconomics; the current account, capital account and the balance of payments; nominal and real exchange rates and the definition and interpretation of real and nominal exchange rate movements (appreciation and depreciation); the purchasing power parity hypothesis; a basic macroeconomic theory of the open economy;

6: Principles of Short Run Macroeconomic Fluctuations; the basic aggregate demand and supply model; the long run and short run aggregate supply curve and the role of price level expectations; the influence of monetary and fiscal policy on aggregate demand (and supply); the government expenditure multiplier; the operation and efficacy of monetary and fiscal policy for closed and open economies and, for open economies under fixed versus flexible exchange rates; the short run trade-off but no long run trade-off between inflation and unemployment (the Phillips Curve in the short run and the long run);

7: Macroeconomic Debates; policy debates involving macroeconomic issues such as economic growth, money and inflation, unemployment, interest rates, saving, investment and financial markets, government taxation and expenditures, deficits and debt, and the value of the national currency; discretionary counter-cyclical versus stable monetary and fiscal policy; the zero inflation target debate; rules versus discretion in government budgetary policy; taxes and savings.

Course Readings

N. Gregory Mankiw, Brief Principles of Macroeconomics: Sixth Edition South-Western, 2012. This book is available electronically on CourseSmart <http://www.coursesmart.com/brief-principles-of-macroeconomics/mankiw/dp/9780538453073>.

For students also taking Microeconomics with me this summer, you could alternatively purchase the combined text N. Gregory Mankiw, Principles of Economics: Sixth Edition. South-Western, 2012, also available electronically on CourseSmart, (<http://www.coursesmart.com/principles-of-economics/mankiw/dp/9780538453059>) which includes both Principles of Microeconomics and Principles of Macroeconomics, at a combined price which is less expensive than the 2 texts separately.



These books are also available in US and international paperback editions, identical except for the covers. In addition to reading the textbook also see the website for the textbook

http://www.cengage.com/economics/mankiw/edition_6/economics.html for extensive study tools and resources

Grading Scale

Percentage	Grade
90-100	A
80-89	B
70-79	C
60-69	D
< 60	F

Grading

Summer school is very intense and to be successful, students need to attend every class. Attendance will be recorded. Occasionally, due to illness or other unavoidable circumstances, a student may need to miss a class. Any unexcused absence may impact on the student's grade, and a student who has too many unexcused absences may fail the course.

In this course, grading will be based on the following:

Class Attendance, Engagement and Participation	10%
Friday Quizzes	45% (3 quizzes, 15% each)
Friday Assignments	15% (3 assignments, 5% each)
Final Exam	30% (Friday June 24)
	100%

Course Schedules

The planned schedule sketched out below may be modified to suit the interests or abilities of the enrolled students or to take advantage of special opportunities or events that may arise during the term.

WEEK ONE (May 30 – June 3): Fundamental Data and Principles of Macroeconomics

Mon: Principles of Economics, Economic Thinking	Chapters 1 and 2
Tues: Methodology of Macroeconomics	Chapters 3 and 4
Wed: Measuring a Nation’s Income and Cost of Living	Chapters 5 and 6
Thurs: Production and Growth	Chapter 7
Fri: Quiz and Assignment on Chapters 1-7	



WEEK TWO (June 6 – June 10): The Real and Monetary Economy in the Long Run

Mon: Savings, Investment and the Financial System	Chapter 8
Tues: The Basic Tools of Finance, Unemployment	Chapters 9 and 10
Wed: The Monetary System	Chapter 11
Thurs: Money Growth and Inflation	Chapter 12
Fri: Quiz and Assignment on Chapters 8-12	

WEEK THREE (June 13 – June 17): The Open Economy and Short Run Fluctuations

Mon: Open-Economy Macroeconomics	Chapter 13
Tues: Macroeconomic Theory of the Open Economy	Chapter 14
Wed: Aggregate Demand and Supply	Chapter 15
Thurs: Aggregate Demand and Supply Analysis	Chapter 15
Fri: Quiz and Assignment on Chapters 13-15	

WEEK FOUR (June 20 – June 24): Macroeconomic Policy in the Short and Long Run

Mon: Monetary Policy and Aggregate Demand	Chapter 16
Tues: Fiscal Policy and Aggregate Demand	Chapter 16
Wed: Trade-off between Inflation and Unemployment	Chapter 17
Thurs: Debates over Macroeconomic Policy	Chapter 18
Fri: Final Examination	

Academic Honesty

Students are expected to maintain high standards of academic honesty. Specifically, unless otherwise directed by the professor, students may not consult other students, books, notes, electronic devices or any other source, on examinations. Failure to abide by this may result in a zero on the examination, or even failure in the course.