

NEW YORK CITY COLLEGE OF TECHNOLOGY
The City University of New York School of Arts & Sciences
Department of Social Science Course Outline

Course code: ECON 1101

Course title: Macroeconomics

Class hours/credits: 3 class hours, 3 credits

Prerequisite: Eligibility for ENG 1101 and Eligibility for MAT 1190

Pathways: US Experience in its Diversity

Catalog Description: Fundamental economic ideas and the operation of the economy on a national scale. Production, distribution and consumption of goods and services, the exchange process, the role of government, the national income and its distribution, GDP, consumption function, savings function, investment spending, the multiplier principle and the influence of government spending on income and output. Analysis of monetary policy, including the banking system and the Federal Reserve System.

RECOMMENDED TEXTBOOK*

Krugman and Wells, Eds., *Macroeconomics*, Worth Publishers, 2012

Leeds, Michael A., von Allmen, Peter and Schiming, Richard C., *Macroeconomics*, Pearson Education, Inc., 2006

**The textbook used in a particular section will be chosen by the instructor.*

COURSE INTENDED LEARNING OUTCOMES/ASSESSMENT METHODS

To develop an understanding of the fundamental concepts of macroeconomics and the workings of the national economy. Specifically, course objectives include the following:

LEARNING OUTCOMES	ASSESSMENT METHODS*
1. Demonstrate an understanding the basic economic decisions that underlie the economic process: What and how to produce goods and services and how they are distributed.	1. Regular in-class discussions of readings; review of material in short exercises at end of chapters, homework assignments and class discussions.
2. Understand the concepts of scarcity, choice and opportunity cost and apply these concepts to the analysis of the workings of a market economy.	2. Quiz: (25 – 30 questions approx.) on first 4 chapters.
3. Demonstrate a firm knowledge of the interrelationships among consumers, government, business and the rest of the world in the U.S. macro-economy.	3. Four homework assignments consisting of a 1 1/2 -to-two page essay on a selection of topics covered in class; and/or researching sources of economic data such as labor force, employment and unemployment trends. These must be submitted in the week following week's class.

4. Identify the process of how the nation's output of goods and services is measured through the national income and product accounts; clearly comprehend the income and expenditure approaches to measuring national output and national income.	4. Midterm exam (covering the first half of the class) Format: Multiple choice questions and a choice of short essay questions.
5. Acquire the ability to clearly illustrate the specific roles and functions of monetary and fiscal policy in the economy and explain how these are applied to the process of shaping economic policy and	5. Final exam. (material and chapters covered from the midterm to the end of the semester)

U.S. EXPERIENCE IN ITS DIVERSITY PATHWAYS LEARNING OUTCOMES

1. Identify and apply the fundamental concepts and methods of a discipline or interdisciplinary field exploring the U.S. experience in its diversity, including, but not limited to, anthropology, communications, cultural studies, economics, history, political science, psychology, public affairs, sociology, and U.S. literature.
2. Identify and differentiate among the legislative, judicial, and executive branches of government and analyze their influence on the development of U.S. democracy.
3. Analyze and discuss common institutions or patterns of life in contemporary U.S. society and how they influence, or are influenced by, race, ethnicity, class, gender, sexual orientation, belief, or other forms of social differentiation.

GENERAL EDUCATION LEARNING OUTCOMES/ASSESSMENT METHODS

LEARNING OUTCOMES	ASSESSMENT METHODS*
1. KNOWLEDGE: To develop an introductory understanding of macroeconomic concepts, topics and theories of how to address macroeconomic problems	Quiz on basic concepts; multiple choice and short essay questions on exams.
2. SKILLS: Develop and apply the tools of macroeconomic analysis to critically question, analyze, and discuss economic problems and issues; Develop and strengthen the ability to discuss concepts and thoughts in writing.	Completion of three short essay assignments structured to focus on a current economic problem or issue; students analyze, evaluate and consider policy options to address.
3. INTEGRATION: Apply the tools of macroeconomic analysis and the economic perspective to the understanding of other disciplines.	Short essay assignments; short answer questions on midterm and final exams.
4. VALUES, ETHICS, AND RELATIONSHIPS: Develop and understanding of and ability to apply diverse perspectives to the understanding of macroeconomic issues; work creatively with others in group problem solving; develop a respect for diverse viewpoints; apply the skills and concepts covered in the course to the analysis of related issues and concepts across other disciplines	Weekly in-class group assignments; assignments encourage student discussion and sharing of ideas and perspectives.

SCOPE OF ASSIGNMENTS and other course requirements*

Quiz: (25 – 30 questions approximately) on first 4 chapters; three homework assignments consisting of a one and ½-to-two page essay on a selection of topics covered in class; and/or researching sources of economic data such as labor force, employment and unemployment trends. These must be submitted in the week following week’s class; weekly in-class discussions of readings; review of material in short exercises at end of chapters; midterm exam and final exam.

METHOD OF GRADING – elements and weight of factors determining the students’ grade*

Midterm exam	25%
Three written homework assignments	25 %
Final exam	25 %
Quiz	10 %
Class group assignments and discussions	15 %

** may vary slightly per instructor to suit their own needs*

CITYTECH GRADE POINTS:

A	93-100	B	83-86.9	D	60-69.9
A-	90-92.9	B-	80-82.9	F	59.9 below
B+	87-89.9	C+	77-79.9	WU	Unofficial Withdrawal

ATTENDANCE POLICY

It is the conviction of the Department of Social Science that a student who is not in a class for any reason is not receiving the benefit of the education being provided. Missed class time includes not just absences but also latenesses, early departures, and time outside the classroom taken by students during class meeting periods. Missed time impacts any portion of the final grade overtly allocated to participation and/or any grades awarded for activities that relate to presence in class.

Instructors may including a reasonable “Participation” grade into their final grade calculations for this course.

ACADEMIC INTEGRITY POLICY STATEMENT

Students and all others who work with information, ideas, texts, images, music, inventions, and other intellectual property owe their audience and sources accuracy and honesty in using, crediting, and citing sources. As a community of intellectual and professional workers, the College recognizes its responsibility for providing instruction in information literacy and academic in-

tegrity, offering models of good practice, and responding vigilantly and appropriately to infractions of academic integrity. Accordingly, academic dishonesty is prohibited in The City University of New York and at New York City College of Technology and is punishable by penalties, including failing grades, suspension, and expulsion. The complete text of the College policy on Academic Integrity may be found in the catalog.

STUDENT ACCESSIBILITY

City Tech is committed to supporting the educational goals of enrolled students with disabilities in the areas of enrollment, academic advisement, tutoring, assistive technologies, and testing accommodations. If you have or think you may have a disability, you may be eligible for reasonable accommodations or academic adjustments as provided under applicable federal, state, and/or city laws. You may also request services for temporary conditions or medical issues under certain circumstances. If you have questions about your eligibility and/or would like to seek accommodation services and/or academic adjustments, please email the [Student Accessibility Center](#).

COMMITMENT TO STUDENT DIVERSITY

The Department of Social Science complies with the college wide nondiscrimination policy and seek to foster a safe and inclusive learning environment that celebrates diversity in its many forms and enhances our students' ability to be informed, global citizens. Through our example, we demonstrate an appreciation of the rich diversity of world cultures and the unique forms of expression that make us human.

SAMPLE SEQUENCE OF TOPICS AND TIME ALLOCATIONS (number of hours)*

Week 1: First Principles

3 hrs

What is the difference between macro and micro economics?

The central choices of economic decision making: what, how and for whom to produce? The participants in the market economy

Key concepts used in economic analysis: Scarcity, choice, opportunity cost Marginal analysis and choice

Ceteris Paribus or 'everything else held constant.'

Positive and normative economics and using theories and models to measure economic events

Criteria for evaluation of economic policy and policy proposals

Economic systems – the market economy, mixed economies & command economies Review of expressing relationships between economic variables using graphs

Week 2: Economic Models: Trade-offs and Trade.

3 hrs

Defining the resources used in the production of goods and services

The production possibility frontier applied to the concept of opportunity cost/tradeoffs and to marginal costs and benefits; increasing marginal opportunity costs.

Productive efficiency; inefficient choices and unattainable choices

Using the frontier to illustrate economic growth, attainment of new resources, technological

change, and more efficient production.
Comparative advantage and the gains from trade
The circular flow of income, product and services in the economy

Week 3: **Supply and Demand**

3 hrs Product and Resource Markets – Role of households (consumers) and firms
What is a market?

Consumer demand and the “Law of Demand”

Law of Demand: the inverse relationship between price and quantity demanded
Change in quantity demanded vs. shift in demand: the concept of “ceteris paribus”

Causes of a shift in demand: changes in income, expectations, number of consumers, tastes and preferences; Normal and inferior goods

Law of Supply: The positive relationship between price and quantity supplied. Change in quantity supplied vs. a shift in supply

Causes of a shift in Supply: changes in cost of resources, prices of related goods, technology, expectations of producers, number of producers

Applications (examples) of Demand and Supply graphs; Market demand, market supply and market equilibrium

Government price controls: price ceilings, price floors (shortages and surpluses)

Week 4: **Macroeconomics: The Big Picture**

3 hrs ***Macroeconomics: Theory and Policy***

The Business Cycle in Market Economies; short-term vs. long-term growth trend
Expansion, peak, decline, trough

Emergence of modern-day macroeconomic policy to moderate effects of recessions: Keynesian policy/government spending and taxation to stimulate aggregate demand

Components of aggregate demand and aggregate supply
Shifts in the AD and AS curves: What do they show?

The roots of macroeconomics: John Maynard Keynes and the Great Depression

Classical vs. Keynesian economics; the short-run vs. long run model of macroeconomic equilibrium
The Keynesian short-run model and the classical economists’ long-run model

Keynes’ challenge to Say’s Law: the Demand Driven Economy
Wage and Price inflexibility; The role of Government

Concerns of Inflation (boom times) and deflation (severe economic downturns)
The impact of recession on trade imbalances

Are all recessions the same? Comparisons of the recent “Great Recession” to the Great Depression (1930 – 1939) - Discussion

Week 5: **Tracking the Macroeconomy**

3 hrs **Gross Domestic Product: Measuring the economy’s output of goods and services**

Government Sector: federal state and local government in the economy
The financial sector; the international sector

The three markets: goods and service, labor market, money market Nominal and real GDP; The difference between GNP and GDP

Expenditure Measure of GDP: consumption by households, businesses, government and the rest of the world (Net exports)

Income Measure of GDP: Income from labor, rent, interest, proprietors' income, profit Value added approach vs. measure of final goods and services produced

What GDP Does Not Include; alternative measures of GDP

Week 6: Unemployment and Inflation (Labor force/Unemployment) 3 hrs

How is the labor force defined? Who is in the labor force?

Measuring employment and unemployment.

Who is not counted in the Government's official count of the unemployed? Types of unemployment; cyclical unemployment and the business cycle.

The difference between the 'household survey' (the civilian labor force) and the 'establishment survey' (number of payroll jobs added by employers).

The labor force participation rate

Unemployment and the changes in the global economy

Week 7:

3 hrs

Midterm Review & catch-up

Week 8:

3 hrs

Midterm Exam

Week 9:

3 hrs

Measuring inflation /the consumer price index What does it say about the state of the economy? Real vs. nominal income and earnings
Real and Nominal rates of interest Costs and causes of inflation

Week 10

3 hrs

Fiscal policy

Defining fiscal policy: taxation and spending to achieve macro-economic goals

The role of government in the U.S. economy

Fiscal policy and the Recession of 2007 - 2009

The Employment Act of 1946

A history of U.S. fiscal policy since the early 20th century

The multiplier effect

Government spending and taxation

Automatic stabilizers: the income tax, unemployment insurance

Discretionary tax and spending policy

Progressive, proportional and regressive taxes and their impacts Fiscal Policy Lags

The circular flow diagram with government spending and taxation

Budget deficits and surpluses; Government debt and deficits: Are they the same thing?

Week 11: **Money, Banking and the Federal Reserve System**

3 hrs

What is money?

Commodity and fiat monies; the barter system

Money as a medium of exchange; Money supply defined: M1 and M2

Gold and the money supply: Why was the gold standard adopted (1873) and why was it later eliminated (1971)?

Monetary role of banks; Establishment of bank reserves; The T-account (assets and liabilities)

Bank regulation: the FDIC deposit insurance; capital requirements; the discount window at the Fed.

Week 12: **Monetary Policy**

3 hrs

The structure of the Federal Reserve System

How the Fed regulates the money supply: reserve requirements, the discount rate, open market operations; the goals of monetary policy

The federal funds rate; fed funds market

Banking legislation and deregulation since the 1980's

Growth of the "Shadow Banking System" and the financial crisis of 2007-2009

The role of credit, debit cards and electronic money in the money supply

Role of financial intermediaries – modern depository institutions Savings and Loan crisis of the late 1980's

The financial crisis of 2008 and the Federal Reserve's policy response

How the banking system creates and expands money in circulation

The difference between treasury bonds and bonds issued by the Fed Fed Policies during the 2007 – 2009 Recession

Week 13: **Film screening: "Too Big to Fail" or "Inside Job."**

1.5 hrs

Preceding the film, discussion questions will be distributed; film will be fol-

lowed by discussion of the issues raised in the context of the limits of monetary policy during the "Great Recession," and the pros and cons of the recent financial reform legislation.

1.5 hrs

Continue discussion of financial reform

Week 14:

3 hrs

Ch. 5: International Trade and Supplemental Reading

The history of trade agreements: From GATT to NAFTA and beyond

Trade deficits and trade surpluses

Importance of trade to the U.S. economy; U.S. trade in international context Comparative advantage and trade; Terms of trade between nations Currency exchange rates: how are they determined?

The World Trade Organization: What is its role?

The movement from trade protection toward free trade among nations since the 1940's

The dimensions of globalization; trade, foreign direct investment, foreign portfolio investment, immigration; The debate about trade policies and globalization

Review/discuss final exam questions

Week 15: **FINAL EXAM**
3 hours

**guidelines from which instructors may select or adapt*

Reviewed/Revised by: Professor Sean P. MacDonald Date: Fall 2015
Revised by Peter Parides in Spring 2021