COURSE DESCRIPTION

This course in macroeconomics is aimed to enhance your understanding of the overall macroeconomic and financial environment. We will analyze the key factors that offer explanations for fluctuations in aggregate output, income, employment and the price level. You should recognize that there is considerable debate among economists about how the aggregate economy actually functions. Some economists view the economy as inherently stable and believe that government interference only upsets the smooth working of the market system. Other economists believe that the market system, left to itself, will generate periods of recession and even depression, and that significant government intervention is required to stabilize the economy. This course will cover the divergent opinions about the appropriate role of government policy in the economic sphere. The objective of this course is not to choose any specific theory or policy as correct, but to provide a framework that you can use to understand and evaluate current economic debates.

COURSE MATERIALS

**Text and Readings:**


**Additional Suggested Readings:**

Supplementary readings and selected current event articles will be posted on the course Blackboard site.

Class lectures and discussions will be based on the textbooks as well as outside sources. Please note that the texts are a complement to the lectures and not a substitute for them -- it is not likely that you will perform satisfactorily without regular class attendance AND active class participation. I strongly recommend that you try to keep up with the current economic environment and financial market trends by making it a point to regularly read The Wall Street Journal and other periodicals [Business Week, The Economist etc.]

In view of the hectic discussion surrounding the current economy and financial markets, we will commence each class with such a discussion, and all students are expected to participate in this dialog. Additionally, via Rutgers Library, you have access to The Dismal Scientist website (http://www.economy.com/dismal/), which is an excellent resource.
Periodically, you will be asked to review Fed speeches, which are available on the Federal Reserve Board’s website: [http://www.federalreserve.gov/](http://www.federalreserve.gov/)

Also, several topical case studies will be handed out in class

**LEARNING GOALS AND OBJECTIVES**

By the end of this course, students should be able to:

1. Effectively express macroeconomic concepts and develop the ability to think critically in written/oral form.
2. Locate and use information related to macroeconomics.
3. Integrate knowledge and ideas in a coherent and meaningful manner.
4. By the end of the course, students will have improved their analytical and critical thinking skills as well as their understanding of the U.S. role in shaping World trade and investment.
5. Read and explain the content of economic materials from a secondary source (such as the Wall Street Journal, The Economist, etc.) Relate economic concepts to these real world events and critically evaluate the impact of economic policy.

**Grading Procedures:**

The grading will be as follows:

- First Midterm (Monday, October 20, 2014): 35% weight
- Final Exam (Monday, December 9, 2014): 45% weight
- Assignments/Quizzes/Class Participation/Group Projects: 20% weight

Homework will be handed out at regular intervals and will be discussed in class. Students are strongly advised to work through the questions in the study guide and at the end of each chapter and take their homework and reading assignments very seriously.

1. The class projects will be discussed in class.

**General Course Outline**:

The text is an excellent book, well worth reading in its entirety. However, while we will aim to cover Chapters 1-17, some chapters may be covered as time permits. Also, please check the Blackboard site for changes and announcements. (** indicates selected portions below.)

Chapters (including appendices)
## I: INTRODUCTION

1. Overview 1
2. Macroeconomic Data & Tool Kit 2
3. Fundamental Economic Problem 3
4. Supply and Demand Review 4

## II: The Macroeconomy

1. Introduction 5
2. Macropolicy Goals 6
3. Economic Growth 7
4. Aggregate Demand 8
5. Unemployment Versus Inflation 9
6. Supply side 10

## III: Aggregate Demand Management: Fiscal & Monetary Policy

1. Fiscal Policy 11
2. Money and the Banking System 12
3. Monetary Policy 13
4. The 2007 Financial Crisis 14
5. The Monetary Policy versus Fiscal Policy Debate 15
6. Budget Deficit Issues 16
7. Inflation-Unemployment Trade-off 17

## IV: International Issues **

1. International Trade 18
2. International Monetary System 19
3. Exchange Rates 20

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**Special Note:**

1. Depending on class interest, some of the sections may be abbreviated or expanded.
2. Attendance will be taken. Please arrive on time.
   2. Cell phones must be turned off during class. If truly necessary, use only vibration modes.

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**Academic Integrity:**

Rutgers University has an honor code to ensure academic integrity. Students are expected to know and adhere to the University Policy on the Honor Code, plagiarism, discrimination, harassment, and accommodating those with disabilities. This class will adhere to these policies and students need to be familiar with them.
Course Calendar

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Class dates have been highlighted above. Note above Federal Open Market Committee (FOMC) meeting date. In view of our financial market focus, you should be ready to give your opinion on Federal Reserve actions taken at this meeting. The FOMC minutes are released three weeks after each meeting and we will be tracking the last release as well. Additionally, we will be tracking key economic indicator releases.