



## National Taiwan University of Science and Technology

### 2018 Summer Program

### ECON 202 Intermediate Macroeconomics

#### Course Outline

**Course Code: ECON 202**

**Instructor: TBA**

**Office Hours: By appointment**

**Email: TBA**

**Credit: 4**

#### Course Description

Economics is a study of choices. Whether it is you choosing which class to take this quarter or a policymaker selecting which monetary policy to implement, our limited resources force us to make choices (which is another reason to thank you all for deciding to enroll in this course!). In your previous microeconomics classes, you have learned how individuals make optimal choices (e.g. consumption, hours of work, etc.). In this course we will shift our focus to the choices of the whole economy (or the “aggregate” economy, if we wish to use a fancier word).

#### Course Objectives

This course is aimed to teach students the basic tools of macroeconomics and apply them to the real world economic policy issues. We will be employing graphs primarily with occasional equations. This means we will be looking at stripped-down, simplified economic models. While these models do not reflect the real economy as it is, they provide useful economic insights for us. As you will also find out in the next five weeks, there is no one specific model that explains all facets of the economy. Thus I will introduce different economic models for you to use and compare.

Keeping this in mind, the goals of this class are for students to:

- Understand the importance of microeconomics as a foundation for macroeconomics
- Understand how aggregate economic activity is measured at the level of a nation
- Understand how basic models of the economy summarize and explain the interactions between these main macroeconomic measures, output, employment, and inflation
- Understand what causes economic activity to fluctuate over the years, from recessions to full employment and back
- Understand the role of government in trying to smooth out these fluctuations
- Understand the links between the domestic economy and the rest of the world
- Understand the differences between adjustment in the short run and adjustment in the long run
- Understand how the economy grows in the very long run through capital accumulation and technological progress
- Understand specific concepts like dynamics and expectations
- Understand media accounts of macroeconomic events.

### **Prerequisite**

Students are expected to have completed Principles of Macroeconomics and Calculus. Although we will review the mathematical tools that we are going to be using, some prior fundamental understanding of functions and derivatives is absolutely necessary to be successful in this class.

### **Textbook**

*Macroeconomics*, N. Gregory Mankiw, 9<sup>th</sup> edition, Worth Publishers, 2015.

In addition to readings from the textbook, topical readings from such publications as *The Economist*, *The Wall Street Journal*, *The New York Times*, *Financial Times*, and *Business Week* will occasionally be sent to students. In general, you will find the course material more interesting if you read articles in the popular press on economics and business as the course progresses and try to apply what you have learned to real-world events.

### **Course Requirements**

There will be one mid-term exam, one final exam and some homework. The contribution of each towards the final grade are as follows.

Mid-term Exam: 30%

Final Exam: 30%

Homework: 20%

Class Participation: 20%

## Grading

94 and above	A
93-90	A-
89-87	B+
86-84	B
83-80	B-
79-77	C+
76-74	C
73-70	C-
69-67	D+
66-64	D
63-60	D-
Below 60	F

## In-Class Ethics

Please ensure an effective learning environment for the whole class by refraining from texting, surfing on the web, using your cell phone, etc.

Please avoid disrupting other students by coming late or leaving midway in the class. (If you must leave early for a good reason, let me know in advance and sit near the door.)

Laptops for note-taking are okay, but it is up to you to restrict its use to coursework.

## Schedules

### Week 1

#### Part I Introduction

1. Review of Principles of Macroeconomics
2. The Science of Macroeconomics
3. The Data of Macroeconomics

#### Part II Classical Theory: The Economy in the Long Run

4. National Income: Where it Comes From and Where it Goes
5. Discussion Session

### Week 2

1. Money and Inflation
2. The Open Economy
3. Unemployment

## Part III Growth Theory: The Economy in the Very Long Run

4. Economic Growth I
5. Discussion Session

### Week 3

1. Mid-term Exam
  2. Economic Growth II
- ## Part IV Business Cycle Theory: The Economy in the Short Run
3. Introduction to Economic Fluctuations
  4. Aggregate Demand I: Building the IS-LM Model
  5. Discussion Session

### Week 4

1. Aggregate Demand II: Applying the IS-LM Model
2. Aggregate Demand in the Open Economy I
3. The Open Economy Revisited: The Mundell-Fleming Model and the Exchange-Rate Regime
4. Aggregate Supply and the Short-Run Tradeoff Between Inflation and Unemployment
5. Discussion Session

### Week 5

## Part V Macroeconomic Policy Debates

1. Stabilization Policy
2. Government Debt and Budget Deficits
3. Final Exam
4. Review