

New York City College of Technology  
City University of New York  
Department of Social Science  
Macroeconomics

ECON 1101 (3 class hours, 3 credits)  
Section E604

**Course Code: Econ 1101**

**Course Title: Macroeconomics Tue. 6:00-8:30 PM, sec E604**

**Class Hours: 3, Credits: 3**

**Namm 624 Office hours: Tuesday 4:30 – 5:45 PM; Wed 5 – 6 PM and by appointment**

**Prof. Sean P. MacDonald**

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**COURSE 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

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**TEXTBOOK and MATERIALS\***

Principles of Macroeconomics, Author: Timothy Taylor, Publisher: Open Stax College, Year Published: 2015, **This book is FREE in PDF and web based versions** and can be obtained from

<https://www.openstaxcollege.org/textbooks/principles-of-macroeconomics>. If you wish to obtain a hard copy, these are available for \$33 and can be ordered from the site: [www.openstaxcollege.org](http://www.openstaxcollege.org)

**Open Lab Please sign up for an Open Lab account if you do not already have one, and join the course at**

<https://openlab.citytech.cuny.edu/econ1101-e604-smacdonald/>

**The text, week-by-week schedule, exam dates, etc. will be posted on this site.**

**Other readings**

**Additional readings** (short articles) will often be assigned along with chapter readings. These will include discussion questions for the following week's class.

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**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 <sup>1</sup>	ASSESSMENT METHODS
1. <b>Demonstrate</b> 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. <b>Understand</b> the concepts of scarcity, choice and opportunity cost and <b>apply</b> these concepts to the analysis of the workings of a market economy.	2. Quiz: (25 – 30 questions approx) on first 4 chapters.
3. <b>Demonstrate</b> a firm knowledge of the interrelationships among consumers, government, business and the rest of the world in the U.S. macroeconomy.	3. Two/three written 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,
4. <b>Identify</b> the process of how the nation's output of goods	

<p>and services is measured through the national income and product accounts; clearly <b>comprehend</b> the income and expenditure approaches to measuring national output and national income.</p> <p>5. <b>Acquire</b> the ability to clearly <b>illustrate</b> 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 stabilizing the economy, specifically with regard to controlling inflation, promoting full employment and facilitating economic growth.</p> <p>6. <b>Explain</b> the process of how fiscal policy is enacted and how its functions – taxation and spending – are designed to achieve the goals of equilibrium between Aggregate Demand and Supply; <b>develop</b> a firm understanding of the differences between, and the specific roles of, discretionary fiscal policy and automatic stabilizers in stabilizing employment, income, growth, and prices during periods of recession and economic expansion.</p> <p>7. <b>Identify</b> and <b>analyze</b> the role of the Federal Reserve System in setting monetary policy, and <b>comprehend</b> the objectives of the instruments used by the Federal Reserve to regulate the nation’s money supply (setting short term interest rates, conducting Open Market Operations and establishing bank reserves); <b>develop</b> the ability to <b>distinguish</b> the functions of these tools in controlling inflation, regulating the circulation of money in the economy, and promoting economic and income growth.</p> <p>8. <b>Develop</b> an understanding of the impact of globalization on the U.S. economy particularly since the early 1970’s; <b>examine</b> the relationship between the changing structure of the U.S. macroeconomy and changes in U.S. and international trade policy; the impact on trade agreements of the decline of the U.S. manufacturing based economy to a service based economy.</p>	<p>employment and unemployment trends. These must be submitted in the week following week’s class.</p> <p>4. Midterm exam (covering the first half of the class)</p> <p>Format: Multiple choice questions and a choice of short essay questions.</p> <p>5. Final exam. (material and chapters covered from the midterm to the end of the semester)</p> <p>Format: Multiple choice questions and a choice of short essay questions.</p>
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**GENERAL EDUCATION LEARNING OUTCOMES/ASSESSMENT METHODS**

LEARNING OUTCOMES	ASSESSMENT METHODS
<p>1. <b>KNOWLEDGE:</b> To develop an introductory understanding of macroeconomic concepts, topics and theories of how to address macroeconomic problems</p>	<p>Quiz on basic concepts; multiple choice and short essay questions on exams.</p>
<p>2. <b>SKILLS:</b> 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.</p>	<p>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.</p>
<p>3. <b>INTEGRATION:</b> Apply the tools of macroeconomic analysis and the economic perspective to the understanding of other disciplines.</p>	<p>Short essay assignments; short answer questions on midterm and final exams.</p>
<p>4. <b>VALUES, ETHICS, AND RELATIONSHIPS:</b> 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</p>	<p>Weekly in-class group assignments; assignments encourage student discussion and sharing of ideas and perspectives.</p>

viewpoints; apply the skills and concepts covered in the course to the analysis of related issues and concepts across other disciplines	
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From: Important General Education Learning Goals

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**SCOPE OF ASSIGNMENTS and other course requirements\***

2 Quizzes: (30 – 35 questions approx); two homework assignments; three in class group assignments; researching and evaluating economic data such as labor force, employment and unemployment trends; 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%
2 In class and two take home assignments	25 %
Final exam	25 %
2 Quizzes	10 %
Participation: <u>Attendance (7.5)</u> ; <u>participation in class discussions/projects (7.5%)</u>	15 %
(the attendance portion of participation is evaluated as follows: 0 – 2 abs: 100; 3 abs: 85; 4 abs: 75; 5 or more: 50)	

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**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 integrity, offering models of good practice, and responding vigilantly and appropriately to infractions of academic integrity. Accordingly, academic dishonesty is prohibited 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.

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**GRADING POLICY:** calculated according to the college grade scale:

Letter Grade	Meaning of Letter Grade	Number Grade
A	Exceptional	100-93
A-	Superior	92.9-90
B+	Very good	89.9-87
B	Good	86.9-83
B-	Above Average	82.9-80
C	Average	70.9-70
D	Poor	69.9-60
F	Failure	59.9-0

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**\*\*Each department and program may specify in writing a different attendance policy for courses with laboratory, clinical or field work. If the department does not have a written attendance policy concerning courses with laboratory, clinical or field work, the College policy shall govern.**

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It is the responsibility of the instructor to keep accurate records of every student’s attendance and to inform each class orally and in writing of the applicable attendance policy during the first two weeks of class meetings each semester.

**Week 1**

**1/30**

**Chapter 1: Welcome to Economics**

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; using theories and models to study economic events

Comparative and absolute advantage

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  
***\*Applying concepts of efficiency, equity, economic growth to the real world; math review***  
**Read chapters 1 and 3 for week 2**

**Week 2**  
**2/6**

**Ch 3: Demand and Supply**

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: Demand and Supply graphs; Market demand, market supply and market equilibrium  
Government price controls: price ceilings, price floors (shortages and surpluses)  
**Class review exercise: Demand and Supply (handout).**

**Week 3**  
**2/13**

**Chapter 6: The Macroeconomic Perspective**

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  
What GDP Does Not Include; alternative measures of GDP  
Adjusting GDP for the affects of inflation\****Week 5: quiz: (chapters 1, 3, 6 and 8)***

**\*\*\*TUES. FEB 20 – NO CLASSES: CLASSES FOLLOW A MONDAY SCHEDULE\*\*\***

**Week 4**  
**2/27**

**Chapter 8: Unemployment**

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  
***\*\*Review material for in-class assignment #1next week***

**Week 5**  
**3/6**

***\*In-class assignment #1***  
***QUIZ #1: chapters 1, 3, 6, 8)***

**Week 6**  
**3/13**

**Chapter 9: Inflation**

The consumer price index  
What does the CPI say about the state of the economy?  
Real vs. nominal income and earnings  
Real and Nominal rates of interest  
Causes, Costs and Effects of inflation

\*Discuss consumer price index history – past year; trends (handout); review questions on Inflation; Discussion/review exercise, ch.9

**\*Midterm review questions posted on Blackboard**

**Week 7      Chapters 12 & 13 Introduction to Macroeconomics: The Keynesian and Neoclassical Perspectives**

**3/20**      ***Return quizzes - review***

The Business Cycle; 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 and class review exercise***  
**review for miderm (ch. 1, 3, 6, 8, 9, 12, 13; graphing; additional readings, notes, Powerpoints, assignments)**

**Week 8      **MIDTERM EXAM****

**3/27**

**\*\*\*MARCH 30 – APRIL 8: SPRING RECESS – NO CLASSES\*\*\***

**Week 9      **Ch. 14: Money, Banking and the Federal Reserve System****

**4/10**

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 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 10      **Ch. 15: Monetary Policy and Bank Regulation****

**4/17**

The Federal Reserve Banking System and Central Banks  
How the Fed regulates the money supply: reserve requirements, the discount rate, open market operations; the goals of monetary policy  
Bank Regulation . . . . .  
How a Central Bank Executes Monetary Policy . . . . .  
Monetary Policy and Economic Outcomes . . . . .  
Pitfalls for 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 Federal Reserve policy response**  
**Dodd-Frank Financial Reform Act**

**Week 11      **Ch. 17: Government Budgets and Fiscal policy****

**4/24**

**Defining fiscal policy: taxation and spending to achieve macroeconomic goals**  
Chapter 17: Government Budgets and Fiscal Policy  
Government Spending; Taxation; Federal Deficits and the National Debt

Using Fiscal Policy to Fight Recession, Unemployment, and Inflation  
Automatic Stabilizers and discretionary policy  
Practical Problems with Discretionary Fiscal Policy  
The Question of a Balanced Budget  
The role of government in the U.S. economy; The Employment Act of 1946  
Fiscal policy and the Recession of 2007 - 2009  
A history of U.S. fiscal policy since the early 20<sup>th</sup> century  
The multiplier effect; Government spending and taxation  
Progressive, proportional and regressive taxes and their impacts; Fiscal Policy Lags  
The circular flow diagram with government spending and taxation

**\*\*Next week (5/3): Quiz #2: Chapters 14, 15, 17**

**Week 12** **In-class group assignment #2 and quiz #2**  
5/1

**Week 13** **Ch 20: International Trade**  
5/8  
**\*final exam review questions posted on Blackboard**

**Week 14** **Ch. 21: Globalization and Protectionism**  
5/15  
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 free trade, globalization, trade protection and fair trade  
**\*\*final exam review**

**Week 15** **FINAL EXAM**  
5/22 **Chapters 9, 17, 14, 15, 20, 21; all other assigned readings/PPT on Dodd-Frank Act; financial crisis of 2008-09; PowerPoints, class notes and exercises since midterm**

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**Policies:** **\*\*NO TEXTING OR OTHER USE OF CELL PHONES DURING CLASS \*\***

**1. Policy on make-up assignments:** Students will only be permitted to take a make-up of the midterm exam with a valid documented excuse such as a medical emergency; documentation of this will be required; missed in-class assignments can be made up but will lose points.

**There will be no make-up of a missed final exam.**

**2. Homework and in-class assignments:** These must be submitted on time on the assigned due date. Late submissions will lose five points for each week they are late.

**3. Chapter and other assigned weekly readings must be completed prior to the next class.** In-class reviews are important to complete as these provide excellent review material for exams.

**4. Class discussion, participation and attendance make up 15 % of course grade (see pg. 3)**

**5. More than two absences will adversely affect your final grade.** If you must miss a class due to emergency, please provide prior notification by email or in person when possible. My email address and phone number are listed on the top of this syllabus

6. More than two late arrivals or early departures without a valid excuse will count as an absence.
7. Students are expected to arrive on time for class and stay for the entire class.
8. Consistent lateness and leaving class early without prior notification will count as an absence.
9. Use of phones, tablets and laptops during class: If you are using the PDF or web-based version of the text, use of your devices will be permitted for this purpose only. Other use such as texting and emailing are prohibited during class time.
10. Phones may not be used as calculators during exams; calculators are permitted only.
11. There will be a 10 minute break halfway through each class.
12. Appropriate and respectful behavior toward others is expected. Disruptive discussions, reading of non-class material, and sleeping during class are not appropriate and will not be tolerated.

**Bibliography (partial):**

Krugman and Wells, Eds., *Macroeconomics 3<sup>rd</sup> ed.*, Worth Publishers, 2012

Krugman, Paul. *Depression Economics*, Worth Publishers, 2011

Krugman, Paul. *End This Depression Now*, Worth Publishers, 2012

Stiglitz, Joseph E. *Freefall: America, Free Markets, and the Sinking of the World Economy*, W.W. Norton and Co., 2010

Keynes, John M., *The General Theory of Employment, Interest and Money*. Palgrave Macmillan, Nov 27, 2007. (recently republished edition of the 1936 original).

Minsky, Hyman. *Stabilizing an Unstable Economy*, McGraw-Hill, Apr 14, 2008

Minsky, Hyman. *Can It Happen Again? Essays on Instability and Finance*, M.E. Sharpe, 1982

Reich, Robert B. *The Work of Nations*, Vintage Books, 1992

Heilbroner, Robert L. and Lester C. Thurow *Economics Explained*. Simon and Schuster, 1987

Lewis, Michael. *The Big Short: Inside the Doomsday Machine*, W.W. Norton and Company, 2010

Roubini, Nouriel and Stephen Mihm, *Crisis Economics: A Crash Course in the Future of Finance*, Penguin Press, 2010