



Northeastern University  
Department of Economics

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## Principles of Macroeconomics

CECNU115

Prof. María José Luengo-Prado

Spring 2006

⌚ M/Th. 11:45am-1:25pm

🏢 310 BK

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⌚ **Office Hours:** M. 2:00pm-4:00pm, Th. 10:00am-11:00am and by appointment.

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### Course Description

The course introduces students to the basic principles of economics in general and of macroeconomics in particular. Economics has been traditionally divided in two main branches: Microeconomics and macroeconomics. While microeconomics deals with the behavior of relatively small entities and markets, macroeconomics focuses on the “big picture”. We will study concepts such as the output of the whole economy (GDP), the price level, aggregate demand and aggregate supply. We will learn about important macroeconomic issues such as economic growth, business cycles, unemployment and inflation. Also, we will introduce basic macroeconomic models and discuss the importance of macroeconomic policy. The course will provide coverage of the institutional background and the history of significant macroeconomic ideas and issues in the U.S.

Classes include lectures, discussions and problem solving. Students may need hand-held calculators on occasion to aid in calculations. It's of a great significance to have a solid understanding of graphs. The appendix at the end of chapter 2 of the textbook provides a good review of the basics of graphs.

The practical importance of this course is difficult to overstate. We are all affected in one way or another by changes in employment opportunities, inflation, interest rates, and macroeconomic policies. By the end of the course, I hope that you will be an informed citizen who can critically analyze the impact of macroeconomic policy. This course will be much more exciting and useful if you actively participate in class and ask lots of questions!



## Textbook

Mankiw, N.G., *Principles of Macroeconomics*, 3rd edition, Thomson/South-Western College Publishing, 2003.

## Blackboard

We will use Blackboard to distribute course materials. To use Blackboard, log in to your myNEU account. If you have officially registered for the course, it should automatically appear in your Course List. Click on “ECNU115 PRINMACRO.Luengo. SP2006”. If the course does not appear in your list, let me know as soon as possible.

A Blackboard tutorial can be found at <http://www.discoveringblackboard.neu.edu>.

Please, use the appropriate “Discussion Board” on Blackboard to ask questions about course content, homework, etc. instead of email.

## Course Requirements and Grades

(dates may be subject to change)

3 Quizzes (Jan. 30, Feb. 16, Apr. 10) .....	18 points (6 each)
1 Midterm Exam (Mar. 16) .....	20 points
1 Comprehensive Final (Apr. 25, 8am) .....	42 points
Homework .....	20 points
Extra-credit assignments .....	5 points (maximum)
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TOTAL .....	105 points

## Quizzes and Exams

- The in-class quizzes and the midterm are optional in the sense that they may be skipped for any (or no) reason. No make-up quizzes or exams will be given. Any missed quiz or the midterm will increase the weight of the comprehensive final. This system gives you a good deal of flexibility but you should be careful if you do not want to end up putting all your eggs in one basket, i.e., the final.
- Examinations and quizzes are given on the published schedule set by the instructor and you should note that all such exercises are closed book, closed notes. Simple (non-graphing) calculators are allowed for tests. If there are any other permitted materials they will be provided to you by the instructor.



- In-class quizzes will be mainly multiple-choice. The in-class midterm and the final will include both multiple-choice questions and analytical/numerical problems similar to those in the homework. Past exams will be posted on Blackboard for your convenience.
- The final is comprehensive and its date is set by the university. I cannot change the exam date to accommodate travel plans, etc. Please, plan accordingly.

### **Homework**

To complete the homework, you will be required to access a new website dedicated to students and professors of economics, APLIA. To access the website, you need to register for an account with Aplia at <http://econ.aplia.com>. I will provide you with an instruction sheet as well as a course key so that you can register. Please register on the website within 24 hours after I pass out the course key.

Each assignment is worth 1 unit regardless of the number of questions in the assignment. Your normalized score for each assignment will be the fraction of correct answers out of all questions. On occasion, two assignments will be due the same date. Note that each assignment will be still worth 1 unit.

VERY IMPORTANT: The problem sets have a firm due date (i.e. no late assignments will be allowed by the Aplia system). For your convenience, due dates will be announced in class, and they will be posted on Blackboard and on the Aplia site. Because of possible technical glitches, I will drop the 3 lowest scores amongst all the homework assignments.

### **Extra-credit Assignments**

These are voluntary assignments proposed by the instructor. They may consist of news analysis, attendance to lectures in economics on campus, etc. The assignments are not long (you are not required to write more than a couple of pages) but have firm due dates. In other words, I will not accept late assignments since they will be posted well in advance the due date. If you cannot come to class the day an assignment is due, use the "digital dropbox" feature on Blackboard to hand it in. Assignments are due at the beginning of the specified class period.

Alternatively, you can also create your own extra-credit assignment. For example, you may choose to write a short paper about a topic of your choice. Your topic must be approved by the instructor by March 20 and the final paper will be due by April 14.

Keep in mind that the extra-credit points always come handy at the end of the semester!



## Grades

Grades will be assigned based on the points attained in the class as the following table indicates.

Points	Grade
93+	A
87-92	A-
78-86	B+
70-77	B
65-69	B-
60-64	C+
55-59	C
50-54	C-
45-49	D
0-45	F

Note that I do not curve grades. If every student deserves a good grade, then I will only give good grades. The best strategy for receiving a good grade is class attendance and hard work.

### *Keep in mind*

- ⇒ Poor performance is not a valid reason for an **incomplete**. An incomplete is given only under exceptional circumstances and requires satisfactory completion of a substantial part of the course. A grade of incomplete will require a signed “contract” specifying completion arrangements. The instructor determines the legitimacy.
- ⇒ The course can be taken **Pass/Fail** by non-freshman students for whom it is not a required course. It is the student’s responsibility to determine if he/she is eligible to take the course under this option. The instructor must be informed of this decision no later than one week after the graded midterm exam is returned to the student. When permitted, students **MUST** earn the equivalent of a C- or higher to receive a Pass grade. A contract will be signed between the student and the instructor to keep record of the request. Do not ask during or after the final exam for a Pass/Fail grade.
- ⇒ Northeastern University is committed to the principles of **intellectual honesty and integrity**. All members of the Northeastern community are expected to maintain complete honesty in all academic work, presenting only that which is their own work in tests and assignments. Students found cheating or plagiarizing will receive an F in the course and will be referred to the Dean of Students for appropriate action.



## Class Etiquette

- You are expected to be **punctual and respectful**. Cell phones off, please!
- Please, do not leave the classroom during lectures unless strictly necessary. We will have a **short break**–3 to 5 minutes–during each class period given the length of our course sequence.
- **Attendance is expected**. I have it well tested that in my classes most of the students that get bad grades do so because they do not attend classes regularly. Moreover, class participation can make a difference if you are on the borderline between two grades. Class participation includes contributing orally in class as well as bringing in relevant items of interest.
- Readings and homework will be assigned weekly and announced on Blackboard. If a reading is marked as required, please **come to class prepared**.

## Where to go for help

(other than the instructor)

- **The Teaching Assistant.** The teaching assistant for this class is Tim O'Brien. Mr. O'Brien is a Ph.D student in the economics department. He holds office hours weekly–Wednesdays 10-12am–in 353 Holmes. He may also be available by appointment given sufficient advance notice.
- **The Tutorial Office.** The Economics Department runs a tutorial office–free of charge–at the Undergraduate Resource Center in 310 Lake Hall. Hours of operation are typically M-F from 9am-4pm. For further information, please call 617-373-2888.
- **Blackboard.** You can post questions in the appropriate Discussion Board on Blackboard. Be specific in your headings so that your question can be quickly identified. Questions posted by 10pm will be answered by the instructor or the T.A. within a couple of hours. Questions posted after 10pm will be answered the following day. Anyone is allowed and encouraged to answer questions by a classmates!
- **Aplia Assistance.** For technical problems, send Aplia an e-mail by clicking on the "Help" link in the upper-right corner of any page or by e.mailing support@aplia.com.
- **Students with Special Needs.** The University will make reasonable accommodations for persons with documented disabilities. Students should notify the Disability Resource Center (located in 20 Dodge Hall) and their instructors of any special needs. Instructors should be notified the first week of classes.



## Outline

### INTRODUCTION TO ECONOMICS

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1. Introduction: Economics and its Scope. Chapters 1, 2, and 3.
2. Demand and Supply. Chapters 4 and 6 (pages 113-124 only)

### THE DATA OF MACROECONOMICS

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3. Measuring a Nations Income. Chapter 10.
4. Measuring the Cost of Living. Chapter 11.

### THE ECONOMY IN THE LONG RUN

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5. Production and Growth. Chapter 12.
6. Saving, Investment and the Financial System. Chapter 13.
7. Unemployment Chapter 15.
8. Money and Inflation. Chapters 16 and 17.
9. Open-economy macroeconomics. Chapter 18.

### THE ECONOMY IN THE SHORT RUN

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10. Aggregate Demand and Aggregate Supply. Chapter 20.
11. Monetary and Fiscal Policy. Chapter 21.
12. The Trade-off between Inflation and Unemployment. Chapter 22. (some sections)

### CONCLUSION

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13. Macroeconomic Policy Debates. Chapter 23 (time permitting).
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**TENTATIVE SCHEDULE**

WEEK	MONDAY	THURSDAY
Week 1- Jan. 9	FIRST CLASS: Introduction, ch.1	ch.2/ ch.3
Week 2- Jan. 16	Martin Luther King	ch.3/ch.4
Week 3- Jan. 23	ch.4	ch.6/ ch.10
Week 4- Jan. 30	<b>QUIZ 1</b> and ch.10	ch. 10/ ch.11
Week 5- Feb. 6	ch.11	ch.12
Week 6- Feb. 13	ch.12/ch.13	<b>QUIZ 2</b> and ch.13
Week 7- Feb. 20	Presidents' Day	ch.13/ch.15
Week 8- Feb. 27	ch.15/ ch.16	ch.16/ ch.17
Week 9- Mar. 6	Spring Break	Spring Break
Week 10- Mar. 13	ch.17	<b>MIDTERM</b>
Week 11- Mar. 20	ch.18	ch.18/ch.20
Week 12- Mar. 27	ch.20	ch. 20/ch.21
Week 13- Apr. 3	ch. 21/ch.22	ch.22/ ch.23
Week 14- Apr. 10	<b>QUIZ 3</b>	REVIEW
Week 15- Apr. 17	Patriot's Day	Reading Day
Week 16- Apr. 24	<b>COMPREHENSIVE FINAL (Tuesday April 25, 8am)</b>	