

Elliott School Online Macroeconomics Program

This online (non-credit) program is designed to give students a background in introductory macroeconomics. The program, offered by the Elliott School's Institute for International Economics (IIEP), does not assume any prior knowledge of economics.. The program will include a combination of streaming pre-recorded lectures, weekly live online office hours held on Saturday and Sunday, weekly homework assignments, and two quizzes.

Students will have significant flexibility about when they complete activities.

- The program is “asynchronous,” i.e., there are no set times for all students to meet simultaneously.
- However, there are (firm) final due dates for homework and assignments to help ensure that students make steady progress.
- Participants are welcome to turn in the material in advance of these deadlines.
- All assignments are “open book” so that students may consult readings and online videos when completing the required work.

Successful completion of this program (with a minimum of 70 percent of possible points) can satisfy the Elliott School macroeconomics prerequisites requirement.

Program Schedule

This program will be available during two separate sessions during summer 2019.

- The first session begins formally on June 1st and the last assignment is due by July 14th.
- The second (alternative) session begins formally on July 15th and the last assignment is due by August 19th.

Participants will have access to the materials once payment is received by the Institute for International Economic Policy; access will continue through the end of the fall semester. We encourage students to spend more than the minimum five weeks to review the material. However, online office hours and feedback/grading on assignments will only occur during the scheduled sessions.

Overview

Macroeconomics is the study of the economy as a whole. (Microeconomics in contrast focuses on individual markets and individual firms, consumers, and workers.) Topics include how to measure economic activity (e.g. economic growth, unemployment and inflation) and the role of the financial system (e.g. the money and bond markets) in a modern economic system. Macroeconomics also focuses on possible government policy responses to economic downturns and inflation.

Note that this program is the second part of the combined IIEP principles program.

Students should expect to spend about eight hours a week over five weeks. This includes watching lectures, reading the textbook and completing assignments.

Program Prerequisites

- No background in economics is necessary.
- This program (and most economics coursework at the Elliott School) uses relatively simple math concepts (e.g. slope of a line, ratios, areas of triangles and rectangles, equations of a line, reading and understanding graphs). No calculus is used. No statistical analysis is used.
- It is essential that students be willing to think abstractly and further develop strong analytical thinking.

Textbook: No textbook is formally required but Gregory Mankiw's *Principles of Economics* is *highly recommended*. Readings from the 7th edition will be assigned throughout. This is an older edition; other editions should be fine.

Assessment of Student Progress:

- Homework (34 percent of total grade):
- Quiz 1 (33 percent of total grade)
- Quiz 2 (33 percent of total grade)

Participants must receive 70 percent of possible points to satisfy the macroeconomics prerequisite.

Signing Up for Online Office Hours

We will circulate a “doodle” signup for office hours every week. (See www.doodle.com if you would like to get a sense of this.) This will help organize the office hours since many people may participate at the same time.

Learning Objectives

- Participants will understand basic tools that economists use to measure macroeconomic performance of an economy.
- Participants will understand the definitions and how to analyze various macroeconomic terms including: recession, inflation, central bank operations, aggregate demand, and aggregate supply.
- Participants will understand the determinants and outcomes of: the money market, the bond market, and the labor market.
- Participants will be able to use economic models to analyze various macroeconomic policies, including fiscal policy and monetary policy.
- Participants will understand some of the basic concepts in international macroeconomics including: balance of payments, and foreign exchange markets.

Program Topics and Schedule (tentative)

Week 1

Introduction to macroeconomics and math review

Measuring macroeconomic performance

- National income accounts
- GDP and GNP and economic growth
- Inflation, consumer price index, and GDP deflation
- Unemployment rate
- Real and nominal wages, GDP, and interest rates

Week 2

Aggregate Demand and Aggregate Supply

- Short run sticky prices (Keynesian models)
- Long-run flexible prices
- Short-run and long-run aggregate supply
- Aggregate production function

Money market

- Role of central banks
- Money supply creation and commercial banks
- Interest rates (real and nominal)

Bond market

- Role of financial intermediaries
- Relationship between bond prices and interest rates

Week 3

Labor market

- Aggregate labor demand and labor supply
- Wage flexibility and the unemployment rate

Fiscal Policies Introduction

- Government spending and tax policies
- Impact on aggregate demand, interest rates and prices

Monetary Policies Introduction

- Tools used by central banks
- Impact on aggregate demand, interest rates and prices

Week 4

- Short run aggregate demand policies
- Aggregate demand and supply: Basic structure of the model

Week 5:

Basics of open-economy macroeconomics

- Balance of payments accounts (and relationship to national income accounts)
- Foreign exchange markets