

# Syllabus of Record



**Program:** CET Shanghai

**Course Code / Title:** (SH/ECON 120) Principles of Macroeconomics

**Total Hours:** 45

**Recommended Credits:** 3

**Primary Discipline / Suggested Cross Listings:** Economics / International Relations, Business Administration and Management, Political Science, Finance

**Language of Instruction:** English

**Prerequisites / Requirements:** None

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## Description

This course is an introduction to the basic principles of aggregate economic analysis and the nature and scope of macroeconomic behaviors and policy. Starting with basic macroeconomic concepts and notations, the course then discusses topics such as national income, long-run economic growth, and short-run economic fluctuations. Classes cover issues such as the effects of unemployment, inflation, deficits, and the balance of payments, and how these may be influenced by monetary, fiscal, and other policies. Students develop the analytical frameworks needed to design, analyze, and evaluate macroeconomic policies aimed at achieving macroeconomic objectives. The course enables participants to understand and evaluate the economic arguments that underlie different views and arguments; it supplements theory with empirical analysis of global economies.

## Objectives

At the end of this course students will be able to:

- understand the main factors influencing economic growth, employment, general price level, balance of payments, and distribution of income.
- distinguish the goals of macroeconomic policies and conflicts among these.
- connect the macroeconomic theories with historical and contemporary realities and analyze economic problems.
- identify different views from various economic schools and form their own positions.

## Course Requirements

Assigned readings must be completed before class, and students are expected to be prepared to participate thoughtfully in classroom discussions. Students are to attend each class as outlined in the CET Attendance Policy. Graded assignments include:

- Active class participation: Contributions to class discussions are to demonstrate that students have thought about authors' ideas and how their research connects to course themes and issues.
- Group projects: Students complete a group research project that includes a written research report and a group project presentation. The project encourages collaborative inquiry into macroeconomic research topics. Group size is two to three students. Presentations are 30 minutes in length, and group project papers 3,000 words in length.
- Midterm exam: There is a midterm exam consisting of multiple choice and essay questions.

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- Final exam: The final exam includes three parts: multiple choice questions, compulsory short essay questions, and elective essay questions.

### Grading

The final grade is determined as follows:

- Active course participation: 20%
- Midterm exam: 20%
- Group project: 30% (15% group paper and 15% group presentation)
- Final exam: 30%

### Readings

Akerlof, George A., and Robert J. Shiller. *Animal Spirits: How Human Psychology Drives the Economy and Why This Matters for Global Capitalism*. Princeton, NJ: Princeton University Press, 2009.

Bernanke, Ben S. "The Global Saving Glut and the U.S. Current Account Deficit." Speech delivered at the Sandridge Lecture, Virginia Association of Economics, Richmond, VA, March 10, 2005.

Friedman, Milton. "The Role of Monetary Policy." *The American Economic Review* 58, no. 1 (1968): 1-17.

Friedman, Milton, and A. J. Schwartz. *A Monetary History of United States: 1867-1960*. Princeton, NJ: Princeton University Press, 1963.

Hayek, F. A. *The Road to Serfdom*. Fiftieth Anniversary ed. Chicago: University of Chicago Press, 1994.

Keynes, John Maynard. *The General Theory of Employment, Interest, and Money*. London: Stellar Classics, 2016.

Krugman, Paul R. "It's Baaack: Japan's Slump and the Return of the Liquidity Trap." *Brookings Papers on Economic Activity* 29, no. 2 (1998): 137-206.

\_\_\_\_\_. "The Myth of Asia's Miracle," *Foreign Affairs* 73, no. 6. (1994): 62-78.

Lewis, Hunter. *Where Keynes Went Wrong: And Why World Governments Keep Creating Inflation, Bubbles, and Busts*. Mount Jackson, VA: Axios Press, 2011.

Mankiw, N. Gregory. *Macroeconomics*. 9th International ed. New York: Worth Publishers, 2016.

Mankiw, N. Gregory, Euston Quah, and Peter Wilson. *Principles of Economics, An Asian Edition*. 2nd ed. Selangor, Malaysia: Cengage Learning Asia, 2013.

Romer, Paul M. "The Trouble with Macroeconomics." Delivered as the Commons Memorial Lecture of the Omicron Delta Epsilon Society, January 5, 2016.

<https://paulromer.net/trouble-with-macroeconomics-update/WP-Trouble.pdf>

<https://paulromer.net/trouble-with-macroeconomics-update/>

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Smith, Adam. *An Inquiry into the Nature and Causes of the Wealth of Nations*, vol. 1. London: Strahan and Cadell, 1776.

Taylor, John B. "Discretion Versus Policy Rules in Practice." *Carnegie-Rochester Conference Series on Public Policy* 39 (1993): 195-214.

\_\_\_\_\_. "Monetary Policy Rules Work and Discretion Doesn't: A Tale of Two Eras." *Journal of Money, Credit and Banking* 44, no. 6 (2012): 1017-1032.

### Outline of Course Content

Topic 1 - Introduction to Macroeconomics

Topic 2 - Economic Growth

Topic 3 - Unemployment

Topic 4 - Open Economy Macroeconomics

Topic 5 - Financial System

Topic 6 - Aggregate Supply and Aggregate Demand

Topic 7 - Money, Banking, and Monetary Policy

Topic 8 - Fiscal Policy and Critics

Topic 9 - Phillips Curve and Central Banking

Topic 10 - Supply Side Policies and China's Economic Reform

Topic 11 - Financial Crisis: What Can We Learn from History