Florida International University
Department of Economics
Principles of Macroeconomics (ECO 2013)

Instructor: Andra Hiriscau

Fall, 2019

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Office Hours: Tu-Th 3:15 pm -5:00 pm

Office: VH 136

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Class Hours: Tu-Th 2:00 pm- 3:15 pm

Class Room: Chem and Physics, Room 197

Course Description and Purpose

Macroeconomics is a highly practical discipline as it deals with principles that directly impact every part of life. They affect employment, government welfare, the availability of goods and services, the way nations interact with one another, the price of food in the shops etc. The knowledge gained in this course will make students better informed citizens and allow them to follow the debates over national economic policy reported in the news media. This course is also a foundation course that will prepare students to be successful in upper division finance, marketing, business administration, economics, government, and social work courses.

Required Materials

- Hubbard, R. Gleen and O'Brien, Anthony Patrick; *My Lab with Pearson e-text- Instant Access-for **Macroeconomics*** (7th Edition , 2019; ISBN-13: 9780134739458)

- MyLab Economics Access (Course Website: Pearson)

- Note: On-line access to the full text of *Macroeconomics* is included with purchase of MyLab Economics access, so students are not obligate to buy a physical copy of the textbook. All weekly homework and quizzes will be distributed and grade through MyLab Economics, so you cannot pass this course without MyLab Economics class.

Registering for MyLab Economics Access

Follow the steps mentioned on MyLab Economics Access- Webpage, using the instructor's course ID: .Online access to the e-text and MyLab Economics can be accessed through: Pearson. If you need additional guidance, consult the support site, especially the system requirements which list recommended browsers. If you have problems registering, purchasing, or logging in, please contact Customer Support. Pearson Support is available to assist you on the phone, through email, or with on-line chat.

- Email services are available 24 hours a day, 7 days a week.

- Chat services are available Monday through Thursday (8:00 am- 12:00 am) and Friday (8:00 am- 10:00 pm)

Learning Outcomes and Objectives

There are four units in this class: Introduction, Macroeconomic Foundations, Short-Run Fluctuations, and Monetary and Fiscal Policy.

- Explain the role of scarcity, specialization, and cost-benefit analysis in economic decision-making.

- Analyze how buyers and sellers interact in a free and competitive market to determine prices and quantities of a good.

- Identify the determinants of supply and demand; demonstrate the impact of shifts in supply and demand curves on equilibrium price and output.

- Define and measure Gross Domestic Product and national income, and rates of unemployment and inflation.

- Describe and analyze the sources of economic growth.

- Explain Keynesian economics using the Income- Expenditure Model.

- Construct the aggregate demand and aggregate supply model of the macro economy and use it to illustrate macroeconomic problems and potential monetary and fiscal policy solutions.

- Define money and the money supply; describe the process of money creation by the banking system and the role of the central bank.

Course Structure

Class Structure

The class is meeting twice a week for 1 hour and 15 minutes.

Grading Policy

I reserve the right to curve the scale dependent on overall class scores at the end of the semester. Any curve will only ever make it easier to obtain a higher letter grade. Incomplete will be given only under exceptional circumstances. Any kind of emergency has to be documented to receive an "I". Doing poorly in the course will not be considered a valid reason. The grade will be calculated using the following proportions:

- **25%** of your grade will be determined by in class midterm exam 1

- **25%** of your grade will be determined by in class midterm exam 2

- **15%** of your grade will be determined by homework

- **10%** of your grade will be determined by unannounced quizzes and class participation

- **25%** of your grade will be determined by final exam

$$Final\ Grade = (Midterm\ 1 * 0.25) + (Midterm\ 1 * 0.25) + (Homework\ Average * 0.15) +$$

$$+ (Quizzes\ Average * 0.1) + (Final\ Exam * 0.25)$$

Table 1: Sample Grading Scheme

Letter	Range	Letter	Range	Letter	Range
A	90.00 or above	B	79.00- 83.99 %	C	67.00- 72.99 %
A-	87.00-89.99 %	B-	76.00- 78.99 %	D	60.00- 66.99 %
B+	84.00-86.99 %	C+	73.00- 75.99 %	F	59.99 or less

- Class participation is not equivalent to class attendance; it implies that you participate actively in the class discussions. Actively talking and thinking economics may be the most important element to further your economic intuition.

- All weekly homework will be distributed and grade through MyLab Economics. You can miss/drop the "lowest score" homework assignment.

- Quizzes are unannounced and constitute of 10-15 min short questions related to the material taught in class. It should encourage you to keep up with the material. You can miss/drop the "lowest score" quiz. There would be no make-up for the quizzes. You need to download the appplication Kahoot Mobile App in order to be able to take the quizzes.

- Exams are going to be composed of both multiple choice questions and essay questions. Final exam is not cumulative and given according to the University rules during Finals Week.

- Class attendance will be taken with FIU Check-In. You need download FIU Check- In App.

- Note: There will be no extra credit of any kind offered to any student under any circumstances. Final grades will not be rounded. If you have any questions or concerns about your grade, please contact the instructor immediately. You should be proactive about your grades, and do not wait until the last minute.

Homework

- Homework consists of 15-50 questions from each chapter and short summaries of four Podcasts. Homework will be assigned at the end of every chapter and must be completed by the due date and time. Students have **ONE** attempt to complete the homework assignment, in which the score will count as the recorded grade. Students will have *unlimited* amount of time to answer all of the questions once the assignment is opened in MyLab Economics. The assignment will automatically close on the due date and time.

- Make sure to save and submit the assignment once you have completed it. Homework assignments will not be reopened after due date except under extenuating circumstances documented with sufficient paperwork (medical emergency only).

- Since the homework assigments are on-line, they are open-book and open-notes. However, full understanding of the material will be needed in order to answer all of the questions. Correct answers will be released after the due date.

- A Planet Money Podcast will be assigned after the completion of each unit. You will need to listen it and then submit a paragraph-long summary of it. Listening to the podcasts makes the course material relevant to the real-world.

Exams

- There are three exams in total. You are required to take all the exams at the scheduled time, unless you have a university-sanctioned schedule conflict or a well documented emergency. If you think you have a schedule conflict, please notify the instructor at least two weeks before the exam. All exams are hard-copied exams taken in class.

- Make sure to bring your Panther ID on the exam days.

Weekly schedule

The schedule is tentative and subject to change. Midterm exam will test on the material that was taught up until the exam date. Homework and quizzes in the second half of the semester tend to build on the concepts in the first half of the semester, so it is important to at least review those concepts throughout the semester.

Week	Section	Assigments\Notes
1	Course Introduction/ Class Logistics 1.1 Three key Economics Ideas 1.2 The Economics Problem That Every Society Must Solve 1.3 Economics Models	Homework 0 (Ungraded) by Wednesday 11:30 PM
	1.4 Microeconomics and Macroeconomics 1.5 Economic Skills and Economics as a Career 1.6 A Preview of Important Economic Terms Appendix: Using Graphs and Formulas	Homework Chapter 1 due by Monday 11:30 PM
2	2.1 Production Possibilities Frontiers and Opportunity Costs 2.2 Comparative Advantage and Trade 2.3 The Market System	Homework Chapter 2 due by Monday 11:30 PM
3	3.1 The Demand Side of the Market 3.2 The Supply Side of the Market 3.3 Market Equilibrium: Putting Demand and Supply Together 3.4 The Effect of Demand and Supply Shifts on Equilibrium	Homework Chapter 3 due by Monday 11:30 PM
4	4.1 Consumer Surplus and Producer Surplus 4.2 The Efficiency of Competitive Markets 4.3 Government Intervention in the Market: Price Floors and Price Ceiling 4.4 The Economic Effect of Taxes Appendix: Quantitative Demand and Supply	Homework Chapter 4 due by Monday 11:30 PM
5	Exam 1 (Chapters 1, 2, 3, 4) 8.1 Gross Domestic Product Measures Total Production 8.2 Does GDP Measure What We Want It to Measure?	
6	8.3 Real GDP versus Nominal GDP 8.4 Other Measures of Total Production and Total Income 9.1 Measuring the Unemployment Rate, the Labor Force Participation Rate, and the Employment–Population Ratio 9.2 Types of Unemployment 9.3 Explaining Unemployment	Homework Chapter 8 due by Friday 11:30 PM
7	9.4 Measuring Inflation 9.5 Using Price Indexes to Adjust for the Effects of Inflation 9.6 Nominal Interest Rates versus Real Interest Rates 9.7 Does Inflation Impose Costs on the Economy? 10.1 Long-Run Economic Growth	Homework Chapter 9 due by Friday 11:30 PM
8	10.2 Saving, Investment, and the Financial System 10.3 The Business Cycle 11.1 Economic Growth over Time and around the World* 11.2 What Determines How Fast Economies Grow?*	Homework Chapter 10 due by Friday 11:30 PM

9	11.3 Economic Growth in the United States*	Homework Chapter 11 due by Friday 11:30 PM
	11.4 Why Isn't the Whole World Rich?*	
	11.5 Growth Policies*	
	Exam 2 (Chapters 8, 9, 10, 11*)	
10	12.1 The Aggregate Expenditure Model	Homework Chapter 12 due by Monday 11:30 PM
	12.2 Determining the Level of Aggregate Expenditure in the Economy	
	12.3 Graphing Macroeconomic Equilibrium	
	12.4 The Multiplier Effect	
	12.5 The Aggregate Demand Curve	
11	13.1 Aggregate Demand	Homework Chapter 13 due by Monday 11:30 PM
	13.2 Aggregate Supply	
	13.3 Macroeconomic Equilibrium in the Long Run and the Short Run	
	13.4 A Dynamic Aggregate Demand and Aggregate Supply Model	
12	14.1 What Is Money, and Why Do We Need It?	Homework Chapter 14 due by Monday 11:30 PM
	14.2 How Is Money Measured in the United States Today?	
	14.3 How Do Banks Create Money?	
	14.4 The Federal Reserve System	
	14.5 The Quantity Theory of Money	
13	15.1 What Is Monetary Policy?	Homework Chapter 15 due by Monday 11:30 PM
	15.2 The Money Market and the Fed's Choice of Monetary Policy Targets	
	15.3 Monetary Policy and Economic Activity	
	15.4 Monetary Policy in the Dynamic Aggregate Demand and Aggregate Supply Mode	
	15.5 A Closer Look at the Fed's Setting of Monetary Policy Targets	
	15.6 Fed Policies during the 2007–2009 Recession	
14	16.1 What Is Fiscal Policy?	
	16.2 The Effects of Fiscal Policy on Real GDP and the Price Level	
	16.3 Fiscal Policy in the Dynamic Aggregate Demand and Aggregate Supply Model	
	16.4 The Government Purchases and Tax Multipliers	
	No class- Thanksgiving	
15	16.5 The Limits to Using Fiscal Policy to Stabilize the Economy	Homework Chapter 16 due by Sunday 11:30 PM
	16.6 Deficits, Surpluses, and Federal Government Debt	
	16.7 Long-Run Fiscal Policy and Economic Growth	
	18.1 The Balance of Payments: Linking the United States to the International Economy	
	18.2 The Foreign Exchange Market and Exchange Rates*	
16	Final Exam Week	University scheduled time: TBA

Key Dates

Classes start	Monday, August 26, 2019
Last day to add/drop	Tuesday, September 3th, 2019
Last day to drop with DR grade	Tuesday, September 3th, 2019
Last day to add/drop	Monday, November 4th, 2019
Veterans' Day observed (No classes)	Monday, November 11th, 2019
Thanksgiving Holiday	Thursday, November 28th, 2019
Thanksgiving break (No classes)	Friday- Saturday, November $29^{th} - 30^{th}$, 2019
Last regular class day	Saturday, December $7^{t}h$, 2019
Finals Week	Monday- Saturday, December $9^{th} - 14^{th}$, 2019
End of term	Saturday, December 14th, 2019
Grade available to students	Thursday, December 19th, 2019

Sources of Additional Macroeconomics Information

- Economics tutor center. The Economics Department has provided a classroom designed to assist students enrolled in various economics courses. The Tutoring Center is located in VH 136, and is open Monday- Friday from 9:00 AM- 5:00 PM. Economics Ph.D. students are available during these times to help with any questions you may have.

- Greg Mankiw's Blog

- The Economist

  - Free with Miami Dade Library Card Miami Dade Library Card
  - Free (UK edition) FIU- College of Business

- The New York Times

  - Activate your free access to NYTimes

- The Wall Street Journal

  - Activate your free access to WSJ

- Mark Thomas's Blog

- NPR Podcast- Planet Money

Course Policies

Attendance Policy

Class attendance is **required** for all scheduled class lectures. Invariably, students who miss classes fall to the bottom of the grading ladder. Reading the textbook is a complement to the lectures, not a perfect substitute for missing classroom lectures. The lectures may deviate from the textbook, and you can only be aware of the appropriate material if you attend the class. Some material in the textbook may be skipped in the lectures, while other material may be studied in more detail than is presented in the textbook. I will give examples, make clarifications, answer questions, and offer interpretations that may not be found in the textbook. Announcements concerning which material in the textbook will be emphasized or ignored, will be made in class. Students are responsible for all announcements made in class. Students are also responsible for all subsequent changes in the syllabus that are announced. Missing a lecture is no excuse.

Policies on Late Assignments

Late assignments will not be accepted and under no circumstances will make-up homework be allowed. A student who fails to complete the homework before the due date will receive a grade of "0" for the respective assignment or quiz. Deadlines are strictly enforced and are detailed on MyLab Economics, and on Canvas. Please be mindful of these dates, as they will not change.

Academic Integrity and Honesty

Students are required to comply with the F.I.U. university policy on academic integrity found in the Academic Misconduct. Cheating in exams, homework, or any other assignment will not be tolerated. Those found cheating in any way will be reported to the relevant authorities of the university

Accommodations for Disabilities

Reasonable accommodations will be made for students with verifiable disabilities. In order to take advantage of available accommodations, students must register at Disability Services Office.

Discrimination based on race, color, religion, creed, sex, national origin, age, disability, veteran status, or sexual orientation is a violation of state and federal law and/or Florida International University policy and will not be tolerated.

FISCAL POLICY
WORKSHEET 5

Below, you are provided with the aggregate demand, short-run aggregate supply, and long-run aggregate supply curves. You will use this information to identify if the economy is experiencing a recessionary gap or an expansionary gap. You will then determine whether expansionary or contractionary fiscal policy is more desirable.
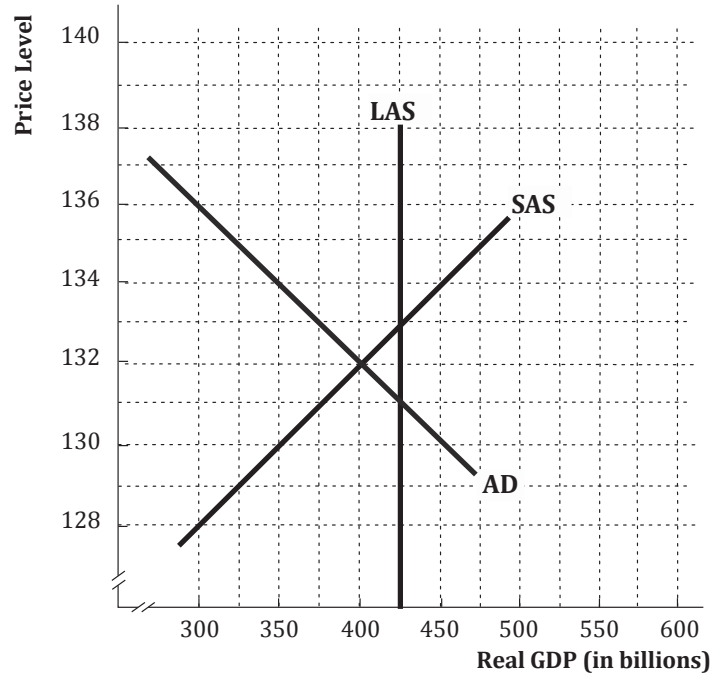
Part 1: Identify the value of Potential GDP in the economy depicted above.

Part 2: Identify the value of Real GDP in the economy depicted above.

Part 3: Based on your answers to *Part 1* and *Part 2*, is the economy depicted above experiencing a recessionary or an expansionary gap?
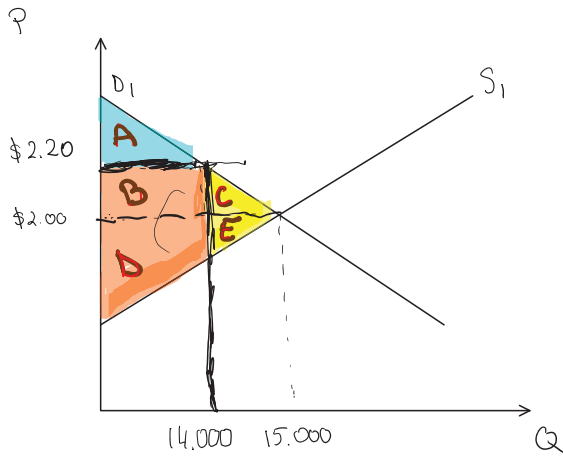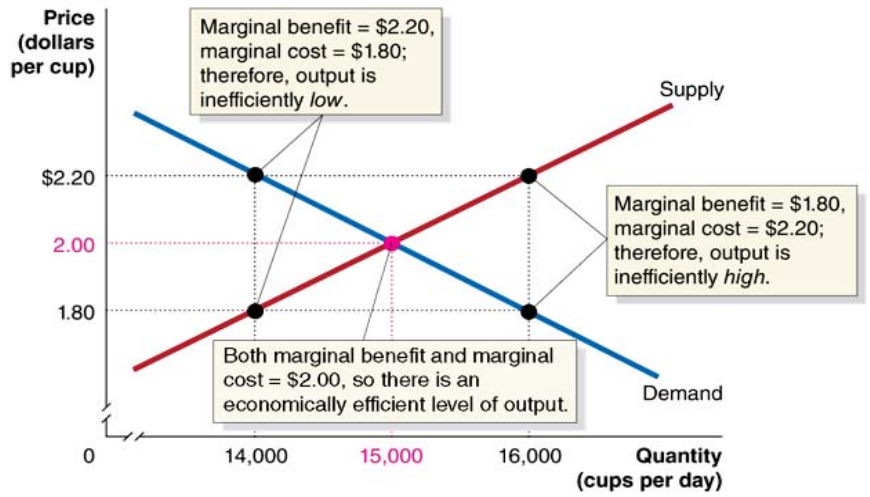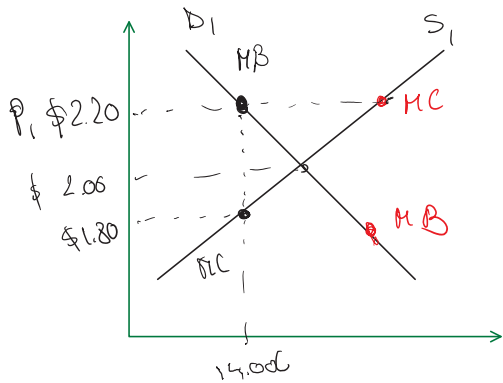
Part 4: Based on your answer to *Part 3*, would contractionary or expansionary fiscal policy be more desirable?

Part 5: If the government chooses to enact fiscal policy through a change in taxes, should the government increase or reduce taxes?

The Efficiency of Competitive Markets

Price (dollars per cup)

Marginal benefit = $2.20, marginal cost = $1.80; therefore, output is inefficiently *low*.

Marginal benefit = $1.80, marginal cost = $2.20; therefore, output is inefficiently *high*.

Both marginal benefit and marginal cost = $2.00, so there is an economically efficient level of output.

Supply

Demand

Quantity (cups per day)

$2.20

2.00

1.80

14,000   15,000   16,000

	At Competitive Equilibrium	At a Price of $ 2.20
Consumer Surplus	A + B + C	A
Producer Surplus	D + E	B + D
Deadweight Loss		C + E

19. If the CPI was 207 in 2009 and 225 in 2013, what wage would someone who earned a $50,000 income in 2009 have to earn in 2013 in order to keep her purchasing power constant?

- ● A. $54,348
- ○ B. $54,000
- ○ C. $51,252
- ○ D. None of the above.

Formula:

$$\text{Income in 2013} = \text{Income in 2009}\left(\frac{\text{CPI 2013}}{\text{CPI 2009}}\right)$$

$$\text{Income in 2013} = \$50\,000\,\frac{225}{207}$$

$$\boxed{\text{Income in 2013} = \$54\,348}$$

15. Consider the simple economy that produces only three products. Use the information in the following table to calculate the (annual rate of) inflation[2] for 2018 as measured by the consumer price index[3] (CPI).

Product	BASE YEAR (2010)		2017	2018
	Quantity	Price	Price	Price
Haircuts	5	$10.00	$11.00	$16.20
Hamburgers	10	2.00	2.45	2.40
Movies	10	15.00	15.00	14.00

The inflation rate for 2018 as measured by the consumer price index (CPI) is **6.81** %. *(Enter your response rounded to two decimal places.)*

Formula:

$$\text{CPI}_{2017} = \frac{\text{Expenditure 2017}}{\text{Expenditure 2010 (base year)}} \qquad \text{CPI}_{2018} = \frac{\text{Expenditure 2018}}{\text{Expenditure 2010 (base year)}}$$

Base year expenditure (2010) $= P \times Q = 5\cdot10 + 10\cdot2 + 10\cdot15 = 220$

Expenditure 2017 $= 5\cdot11 + 10\cdot2.45 + 10\cdot15 = 229.5$

Expenditure 2018 $= 5\cdot16.2 + 10\cdot2.4 + 10\cdot14 = 245$

Formula:

$$\text{CPI}_{2017} = \frac{229.5}{220} = 1.043 \qquad \text{CPI}_{2018} = \frac{245}{220} = 1.114$$

$$\text{Inflation} = \frac{\text{CPI}_{2018} - \text{CPI}_{2017}}{\text{CPI}_{2017}} \times 100 = \frac{1.113 - 1.043}{1.043} \times 100$$

$$\boxed{\text{Inflation} = 6.81\%}$$

Note: Calculations are made with 3 decimals.

Final Exam

Principles of Macroeconomics (ECO 2013)
Instructor: Andra Hiriscau

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

1) Suppose the economy is in long–run equilibrium and there is an increase in investment. As a result, real GDP will _____ in the short run, and _____ in the long run.
    A) decrease; decrease further   B) increase; increase further
    C) decrease; increase to its initial level   D) increase; decrease to its initial value

1) _____

2) The increase in the amount that the government collects in taxes when the economy expands and the decrease in the amount that the government collects in taxes when the economy goes into a recession is an example of
    A) automatic monetary policy.   B) automatic stabilizers.
    C) discretionary monetary policy.   D) discretionary fiscal policy.

2) _____

3) The basic aggregate demand and aggregate supply curve model helps explain
    A) output fluctuations in an individual market.
    B) long–term growth.
    C) price fluctuations in an individual market.
    D) short–term fluctuations in real GDP and the price level.

3) _____

4) Using the money demand and money supply model, an open market purchase of Treasury securities by the Federal Reserve would cause the equilibrium interest rate to
    A) decrease.   B) increase.
    C) not change.   D) increase if the economy is in a recession.

4) _____

5) If the Federal Reserve decided to include virtual money like Bitcoins in its measure of the money supply, what would be the effect on M1 or M2?
    A) M2 would rise but M1 would remain constant.
    B) M1 would rise.
   C) M1 would rise and M2 would remain constant.
    D) M1 would fall.

5) _____

Figure 15–14

Price level
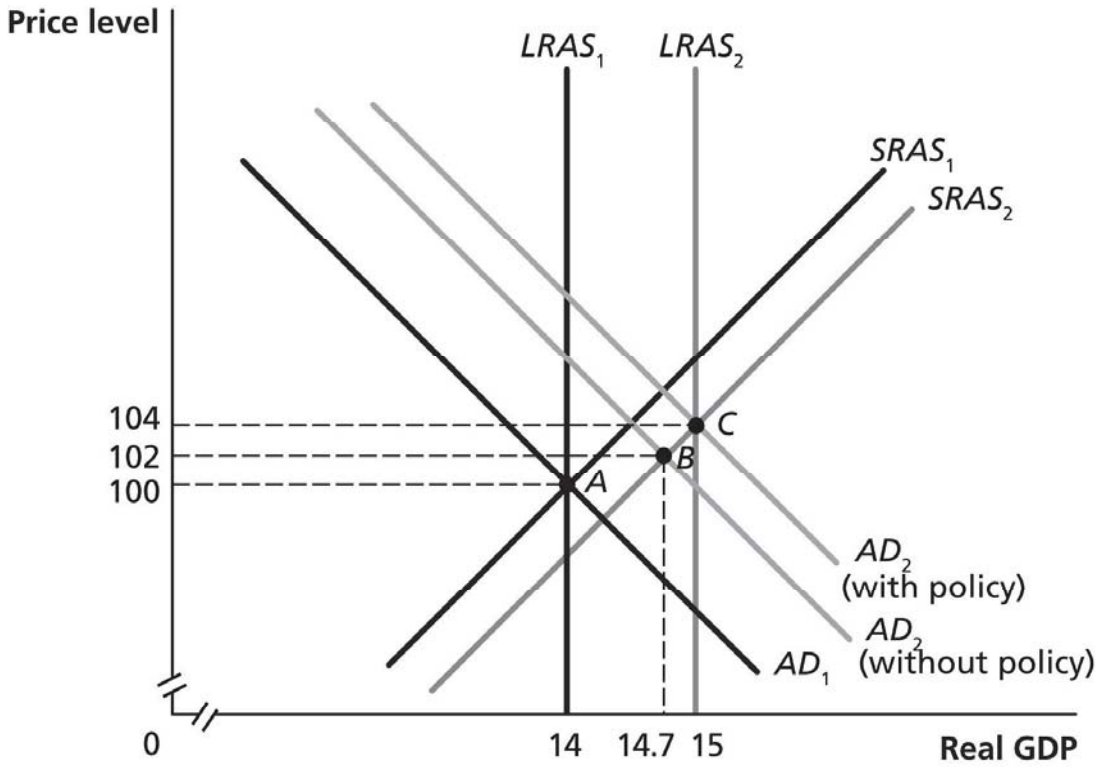
6) ***Refer to Figure 15–14.*** In the figure above, suppose the economy in Year 1 is at point *A* and is   6) _____
expected in Year 2 to be at point *B*. Which of the following policies could the Federal Reserve use to
move the economy to point *C*?

    A) sell Treasury bills   B) decrease income taxes

    C) increase the required–reserve ratio   D) buy Treasury bills

Figure 16–6

Price level
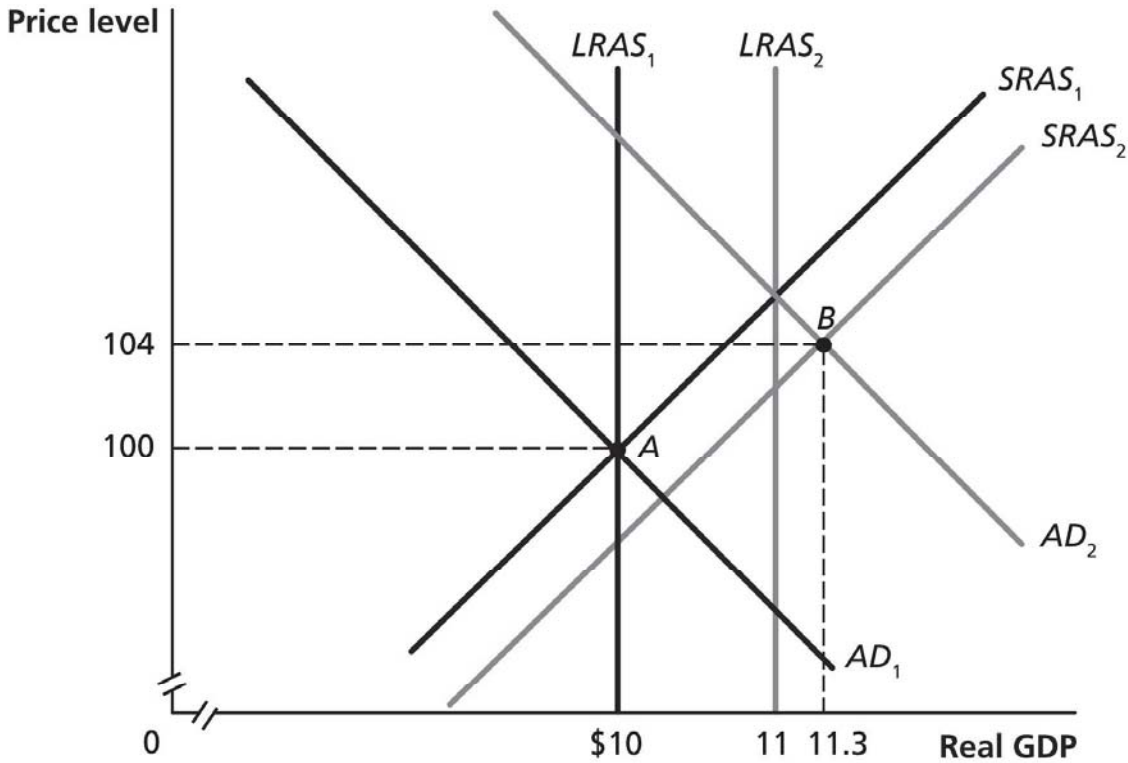
7) **Refer to Figure 16–6.** In the dynamic model of *AD–AS* in the figure above, if the economy is at point   7) _____
A in year 1 and is expected to go to point B in year 2, Congress and the president would most likely
pursue
    A) expansionary automatic stabilizers.
    B) contractionary fiscal policy.
    C) expansionary monetary policy.
    D) contractionary monetary policy.
    E) expansionary fiscal policy.

8) Higher personal income taxes   8) _____
    A) increase aggregate demand.   B) increase disposable income.
    C) decrease aggregate demand.   D) both B and C.

9) On the long–run aggregate supply curve   9) _____
    A) a decrease in the price level increases the aggregate quantity of GDP supplied.
    B) a decrease in the price level has no effect on the aggregate quantity of GDP supplied.
    C) a decrease in the price level decreases the aggregate quantity of GDP supplied.
    D) a decrease in the price level decreases the level of potential GDP.

10) A central bank like the Federal Reserve in the United States can help banks survive a bank run by   10) _____
    A) increasing the required reserve ratio.   B) printing money.
    C) acting as a lender of last resort.   D) raising the discount rate.

11) Monetary policy refers to the actions the   11) _____
    A) Federal Reserve takes to manage government spending and taxes to pursue its economic
       objectives.
    B) President and Congress take to manage the money supply and interest rates to pursue their
       economic objectives.
    C) Federal Reserve takes to manage the money supply and interest rates to pursue its
       macroeconomic policy objectives.
    D) President and Congress take to manage government spending and taxes to pursue their
       economic objectives.

Scenario 14–2

Imagine that Kristy deposits $10,000 of currency into her checking account deposit at Bank A and that the required reserve ratio is 20%.

12) *Refer to Scenario 14–2.* As a result of Kristy's deposit, Bank A's reserves immediately increase by   12) _____
    A) $2,000.   B) $8,000.   C) $10,000.   D) $50,000.

13) *Refer to Scenario 14–2.* As a result of Kristy's deposit, Bank A's required reserves increase by   13) _____
    A) $2,000.   B) $8,000.   C) $10,000.   D) $50,000.

14) People hold money as opposed to financial assets because money   14) _____
    A) earns interest.
    B) is perfectly liquid.
    C) earns a higher return than other financial assets.
    D) earns no interest.
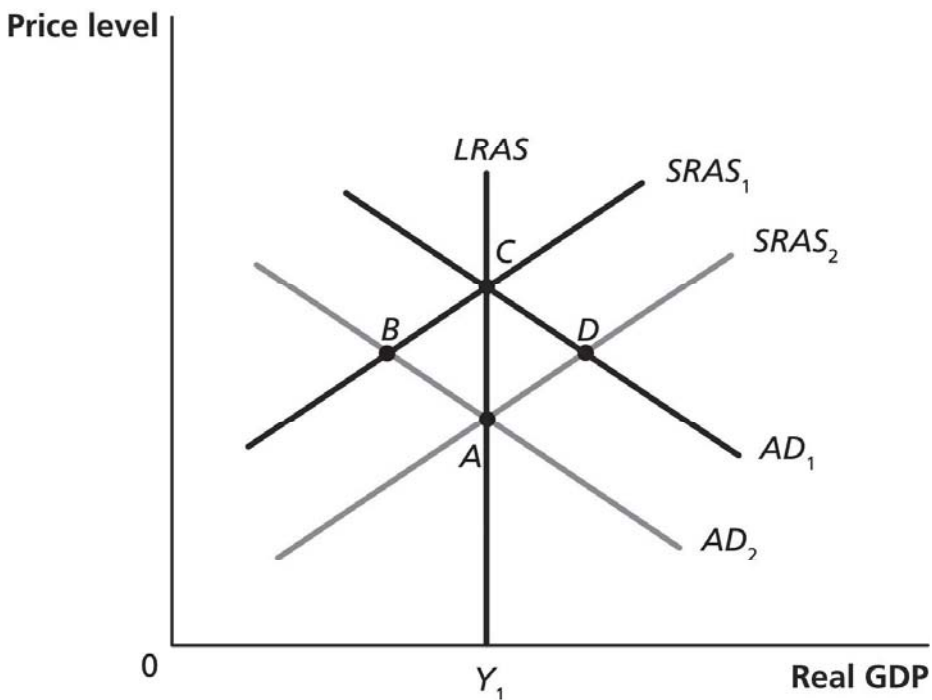
Figure 15–9

Price level
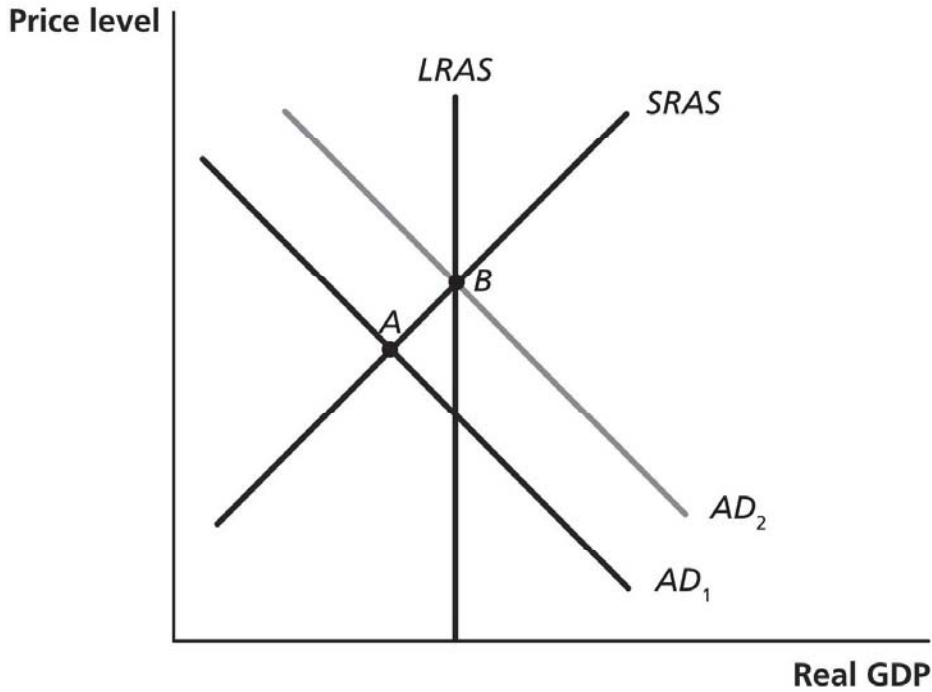
15) *Refer to Figure 15–9.* In the figure above suppose the economy is initially at point *A*. The movement of the economy to point *B* as shown in the graph illustrates the effect of which of the following policy actions by the Federal Reserve?   15) _____

    A) an open market purchase of Treasury bills
    B) a decrease in income taxes
    C) an open market sale of Treasury bills
    D) an increase in the required reserve ratio

16) The Federal Reserve System's four monetary policy goals are   16) _____

    A) low government budget deficits, low current account deficits, high employment, and a high foreign exchange value of the dollar.
    B) price stability, low government budget deficits, low current account deficits, and a low rate of bank failures.
    C) price stability, high employment, economic growth, and stability of financial markets and institutions.
    D) a low rate of bank failures, high reserve ratios, price stability, and economic growth.

17) The largest proportion of M1 is made up of   17) _____

    A) currency.
    B) traveler's checks.
    C) checking account deposits.
    D) time deposits.
   E) savings account deposits.

18) An increase in government purchases will increase aggregate demand because   18) _____
    A) the decline in the price level will increase demand.
    B) government expenditures are a component of aggregate demand.
    C) the decline in the interest rate will increase demand.
    D) consumption expenditures are a component of aggregate demand.

19) The long-run aggregate supply curve   19) _____
    A) is horizontal.   B) has a negative slope.
    C) is vertical.   D) has a steep but positive slope.

20) Using the quantity equation, if the velocity of money grows at 5 percent, the money supply grows   20) _____
at 10 percent, and real GDP grows at 4 percent, then the inflation rate will be
    A) 19 percent.   B) 15 percent.   C) 11 percent.   D) 6 percent.

Figure 13–3

21) *Refer to Figure 13–3.* Which of the points in the above graph are possible long-run equilibria?   21) _____
    A) *A* and *B*   B) *A* and *C*   C) *A* and *D*   D) *B* and *D*
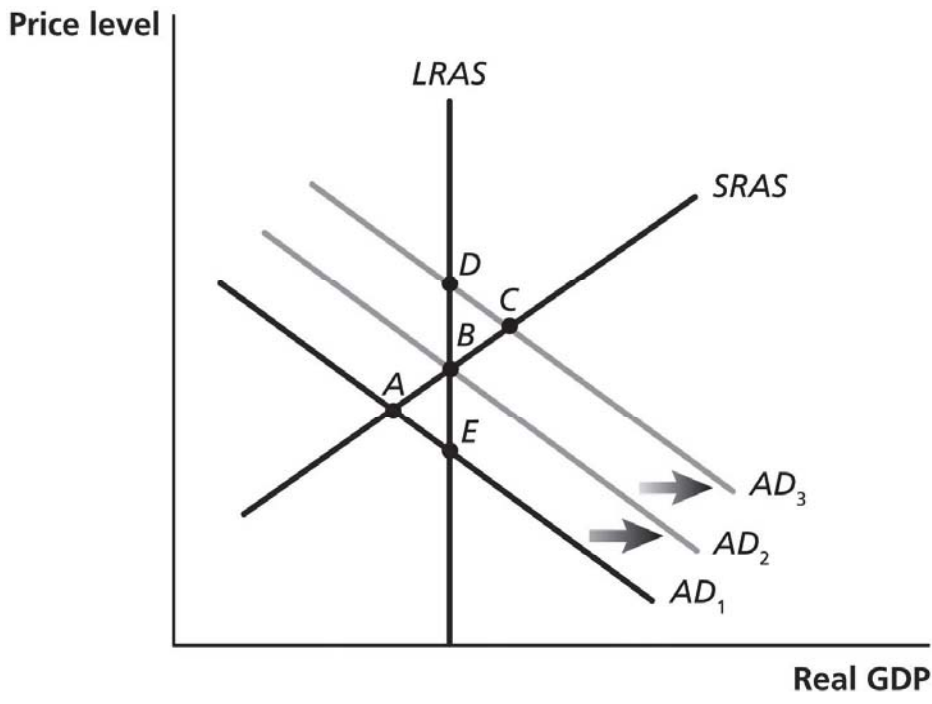
Figure 16–11

Price level
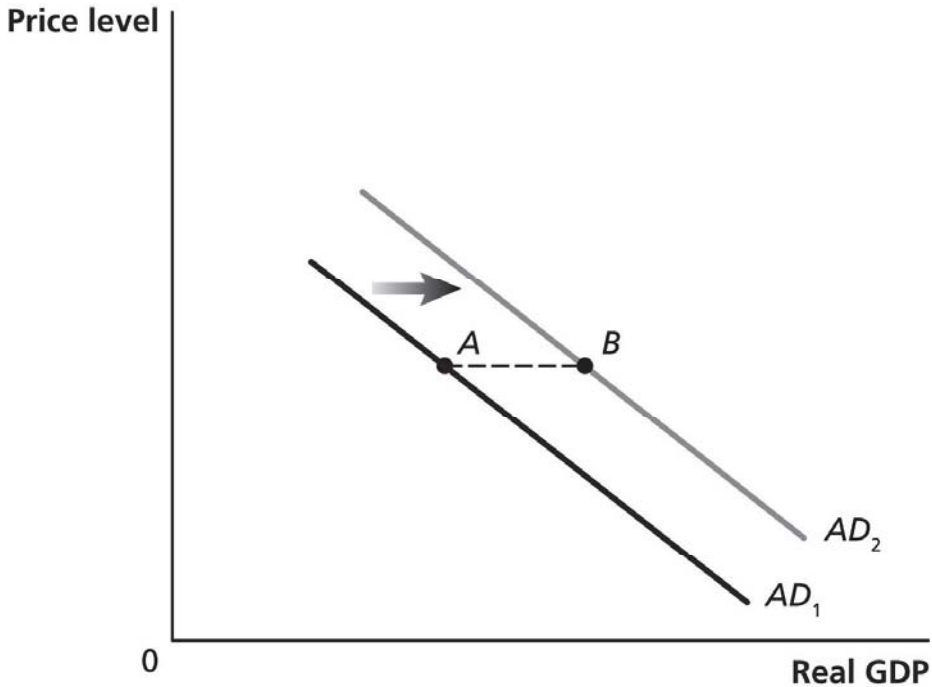
22) ***Refer to Figure 16–11.*** In the graph above, the shift from AD_1 to AD_2 represents the total change in aggregate demand. If government purchases increased by $50 billion, then the distance from point A to point B _____ $50 billion.

    A) may be greater than or less than   B) would be equal to

    C) would be greater than   D) would be less than

22) _____

23) Economists refer to the series of induced increases in consumption spending that result from an initial increase in autonomous expenditures as the _____ effect.

    A) consumption   B) expenditure

    C) multiplier   D) aggregate demand

23) _____

24) According to the quantity theory of money, the inflation rate equals

    A) the money supply minus real output.

    B) the growth rate of the money supply minus the growth rate of real output.

    C) real output minus the money supply.

    D) the growth rate of real output minus the growth rate of the money supply.

24) _____

25) Fiscal policy refers to changes in

    A) federal taxes and purchases that are intended to fund the war on terrorism.

    B) the money supply and interest rates that are intended to achieve macroeconomic policy objectives.

    C) federal taxes and purchases that are intended to achieve macroeconomic policy objectives.

   D) state and local taxes and purchases that are intended to achieve macroeconomic policy objectives.

25) _____

26) _____ of unemployment during _____ make it easier for workers to _____ wages.   26) _____
   A) Low levels; an expansion; negotiate higher
   B) High levels; an expansion; accept lower
   C) High levels; a recession; negotiate higher
   D) Low levels; a recession; accept lower

27) Which of the following best describes supply–side economics?   27) _____
   A) Labor productivity affects aggregate supply.
   B) Tax rates affect the incentive to work, save, and invest and, therefore, aggregate supply.
   C) Education affects the incentive to work, save, and invest and, therefore, aggregate supply.
   D) Education affects labor productivity which affects aggregate supply.

Figure 16–1

28) *Refer to Figure 16–1.* Suppose the economy is in a recession and expansionary fiscal policy is   28) _____
   pursued. Using the basic *AD–AS* model in the figure above, this would be depicted as a movement
   from
   A) *A* to *B*.   B) *A* to *E*.   C) *B* to *A*.   D) *B* to *C*.   E) *C* to *B*.

Figure 13–4
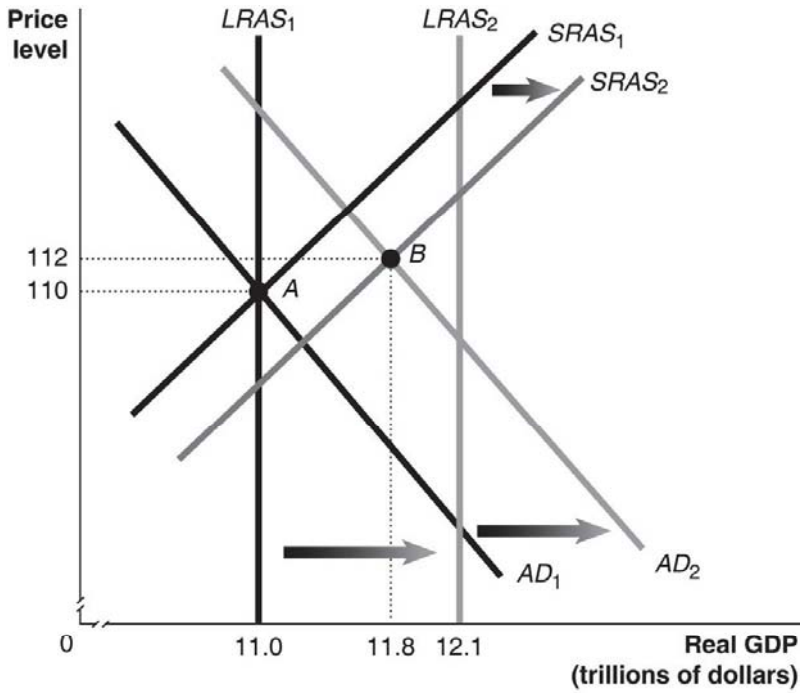
29) *Refer to Figure 13–4.* Given the economy is at point *A* in year 1, what will happen to the
    unemployment rate in year 2?   29) _____
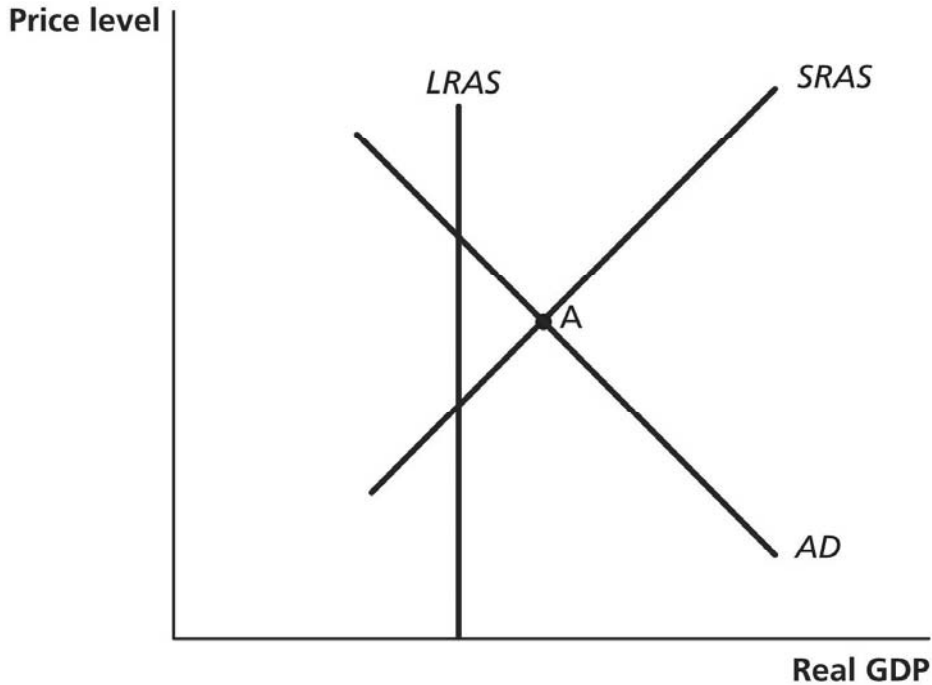   A) It will fall.
    B) It will rise.
    C) It will remain constant.
    D) not enough information to answer the question

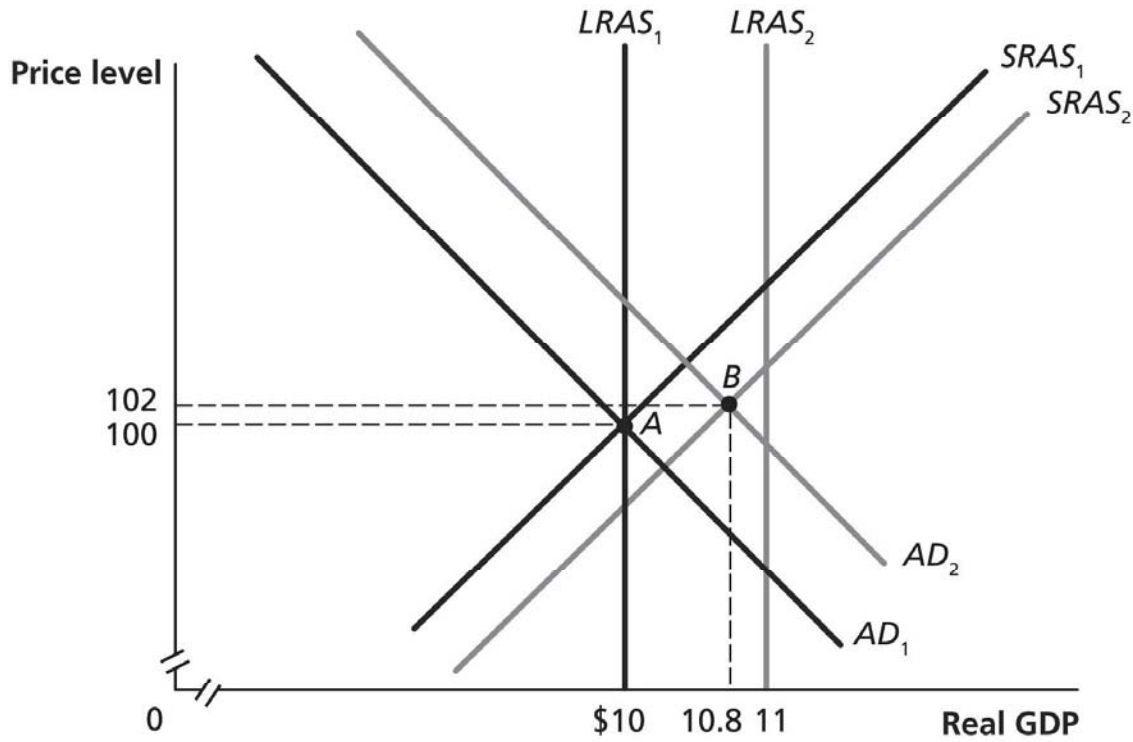30) Tax cuts on business income _____ aggregate demand.   30) _____
    A) would increase   B) may increase or decrease
   C) would not change   D) would decrease

Figure 15–8

Price level

31) ***Refer to Figure 15–8.*** In the figure above, if the economy is at point *A*, the appropriate monetary policy by the Federal Reserve would be to

    A) raise interest rates.
                      B) lower interest rates.
    C) raise income taxes.
                      D) lower income taxes.

31) _____

32) A recession tends to cause the federal budget deficit to _____ because tax revenues _____ and government spending on transfer payments _____.

    A) decrease; fall; rises
                B) increase; fall; rises
    C) increase; rise; falls
                D) decrease; rise; falls

32) _____

33) An increase in real GDP can shift

    A) money demand to the right and increase the equilibrium interest rate.
    B) money demand to the left and increase the equilibrium interest rate.
    C) money demand to the right and decrease the equilibrium interest rate.
    D) money demand to the left and decrease the equilibrium interest rate.

33) _____

34) Which of the following is considered a negative supply shock?

    A) an unexpected decrease in the refining capacity for oil
    B) an improvement in technology
    C) an increase in unemployment
    D) increasing immigration in the economy causes the labor supply to rise

34) _____

35) The major assets on a bank's balance sheet are its

    A) checking and savings account deposits.
    B) loans, and checking and savings account deposits.
    C) reserves, loans, and holdings of securities.
    D) reserves, checking and savings account deposits.
    E) reserves, loans, and checking account deposits.

35) _____

Figure 16–5

Figure shows a dynamic AD-AS model with Price level on the vertical axis (values 100, 102) and Real GDP on the horizontal axis (values $10, 10.8, 11). Curves: LRAS₁, LRAS₂, SRAS₁, SRAS₂, AD₁, AD₂. Point A is at price level 100 and GDP $10; Point B is at price level 102 and GDP 10.8.

36) *Refer to Figure 16–5.* In the dynamic model of *AD–AS* in the figure above, if the economy is at point 36) _____
   A in year 1 and is expected to go to point *B* in year 2, Congress and the president would most likely
      A) lower interest rates.
      B) decrease government spending.
      C) increase government spending.
      D) increase oil prices.
      E) increase taxes.
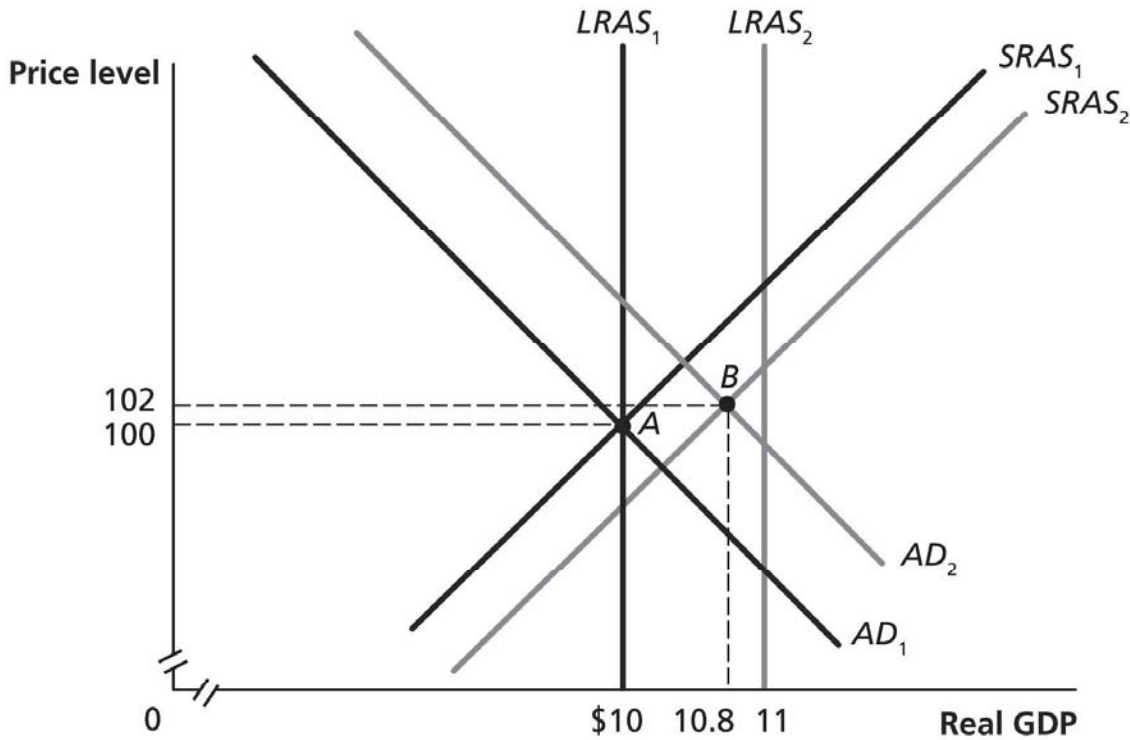
Figure 15–11

37) **Refer to Figure 15–11.** In the dynamic model of *AD–AS* in the figure above, if the economy is at
point *A* in year 1 and is expected to go to point *B* in year 2, the Federal Reserve would most likely
    A) decrease the inflation rate.   B) decrease interest rates.
    C) not change interest rates.   D) increase interest rates.

37) _____

38) The three main monetary policy tools used by the Federal Reserve to manage the money supply are
    A) open market operations, the exchange rate of the dollar against foreign currencies, and
       government purchases.
    B) open market operations, discount policy, and reserve requirements.
    C) interest rates, tax rates, and government spending.
    D) tax rates, government purchases, and government transfer payments.

38) _____

39) The major shortcoming of a barter economy is
    A) the requirement of specialization and exchange.
    B) the requirement of a double coincidence of wants.
    C) that money loses value from inflation.
    D) that goods and services are not traded.

39) _____

40) The long–run aggregate supply curve will shift to the right if
    A) the economy experiences technological change.
    B) net exports decrease.
    C) the economy experiences high levels of inflation.
    D) there is a decrease in population.

40) _____

41) An increase in the price level causes 41) _____
    A) the money demand curve to shift to the right.
    B) the money demand curve to shift to the left.
    C) a movement down along the money demand curve.
    D) a movement up along the money demand curve.

Exam Wrapper: Post Exam

1. Let's start by reviewing the learning process. Estimate the amount of time you spent (in hours or minutes) on each of the study practices listed below. Please be honest.

	How much of your time was spent on this task?	Do you think this was sufficient?
A. Using the textbook to make sense of something you didn't understand in class	_____	_____
B. Using online material or videos to make sense of something you didn't understand in class	_____	_____
C. Reviewing your notes to identify topics or concepts where you still needed more practice	_____	_____
D. Discussing topics or concepts you were unsure about with others (tutor, mentor, peers, etc.)	_____	_____
E. Asking questions about topics or concepts you didn't fully understand	_____	_____
F. Working on practice problems	_____	_____
G. Contacting your professor when you had a question	_____	_____

2. What score do you think you will get on this exam? Why?

3. Reflect on the test questions. Was the material and the questions on the test what you expected?

Circle your answer: YES   NO

Recall a problem or question that you found difficult. Write down the problem or question below and explain why it was difficult for you.

4. If you could go back in time to prepare for this exam, what would you do differently?

Exam Wrapper: Post Grade

1. Does your score match what you thought you would get on this exam?

Circle your answer: YES   NO

If YES, why were you confident in your ability to judge your test score? If NO, why do you think your expectation did not match the outcome?

2. Reflect on your study practices. Based on your performance on this exam, would you change how you study for the next exam?

Circle your answer: YES   NO
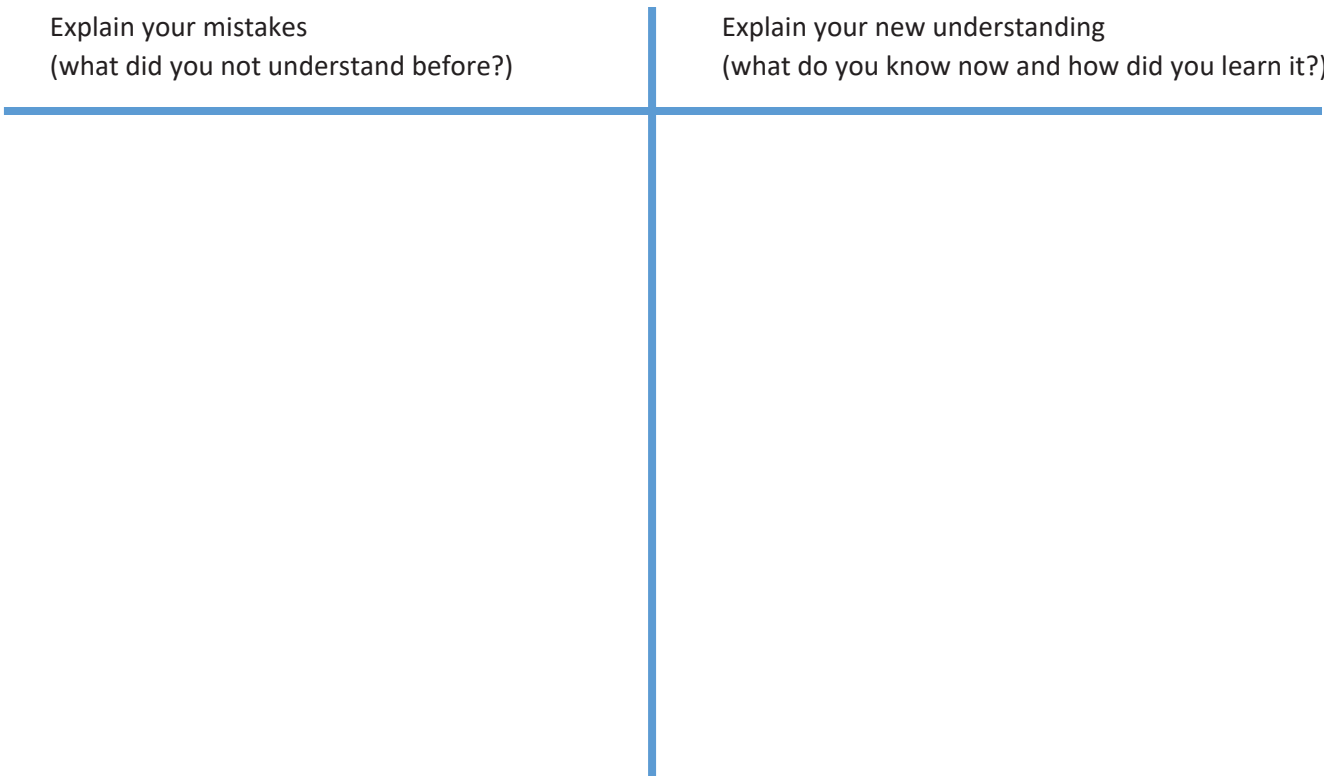
If YES, what would you differently and why? If NO, why not?

3. To develop the practice of learning from mistakes on exams, please review your exam and select up to 5 questions you missed or received partial credit for.

Explain your mistakes (what did you not understand before?)	Explain your new understanding (what do you know now and how did you learn it?)

	Recorded Date	Q26 - Which aspect of the course is MOST helpful to you?	Q28 - Which aspect of the course is LEAST helpful to you?	Q32 - What is your favorite method of improving your macroeconomics knowledge?	Q11 - Communication of ideas and information	Q12 - Stimulation of interest in course	Q13 - Availability to assist students in or out of class
☐	Oct 2, 2019 8:48 PM	How the professor explains the graphs	The quizzes at the end of class to review the material	Articles (NYT, The Economist etc)	Excellent	Excellent	Excellent
☐	Oct 1, 2019 10:59 AM	Real-life situations	None	Short videos from class lectures	Very Good	Excellent	Very Good
☐	Sep 29, 2019 6:49 PM	The MyLabs extra readings, quizzes and things like that		Articles (NYT, The Economist etc)	Very Good	Good	Very Good
☐	Sep 28, 2019 7:14 PM	The online homework		Short videos from class lectures	Excellent	Very Good	Very Good
☐	Sep 28, 2019 7:01 PM	The Online homework	The actual book	Short videos from class lectures	Good	Very Good	Very Good
☐	Sep 28, 2019 6:52 PM	real life examples and showing the graphs on the projector. Also when we do a mini group assignment at the end of class to recap what we learned	kahoot	Articles (NYT, The Economist etc)	Excellent	Very Good	Excellent
☐	Sep 28, 2019 6:51 PM	The book	The homework's	NPR Planet Money	Very Good	Very Good	Excellent
☐	Sep 28, 2019 6:45 PM	The powerpoints to follow along	The speed of the course	Short videos from class lectures	Excellent	Excellent	Excellent
☐	Sep 28, 2019 6:45 PM	Office hours/ PREPARE	Quizzes	NPR Planet Money	Very Good	Very Good	Excellent
☐	Sep 25, 2019 8:23 PM	The practice problems that we do in class.		Case studies from the book	Fair	Fair	Excellent
☐	Sep 24, 2019 7:54 PM	the etext and online hw	idk	Case studies from the book	Good	Very Good	Good
☐	Sep 24, 2019 7:43 PM	Your teachings	I don't think there's nothing bad	Articles (NYT, The Economist etc)	Very Good	Good	Excellent

Student Perceptions of Teaching survey (SPOTs)

SIPA - ECONOMIC-2
Fall 2019
Instructor: Hiriscau, Andra M
Total Enrolled: 55

Class Number: 86344
Course: ECO 2013 U05
Title: Principles Macroeco
Completed Forms: 45

Course Structure

		Excellent		Very Good		Good		Fair		Total	
1	Description of course objectives and assignments	28	62%	7	16%	7	16%	3	7%	45	100%
2	Expression of expectations for performance in this class	23	51%	14	31%	5	11%	3	7%	45	100%
3	Description of grading policies in the course syllabus	26	58%	8	18%	9	20%	2	4%	45	100%

Learning Support

		Excellent		Very Good		Good		Fair		Poor		Total	
4	Consistency in following the course syllabus	28	62%	10	22%	7	16%	0	0%	0	0%	45	100%
5	Preparation for class	23	51%	9	20%	10	22%	2	4%	1	2%	45	100%
6	Use and management of class time	23	51%	12	27%	7	16%	2	4%	1	2%	45	100%
7	Knowledge of course content	24	53%	12	27%	7	16%	2	4%	0	0%	45	100%
8	Communication of ideas and information	21	47%	10	22%	4	9%	6	13%	4	9%	45	100%
9	Stimulation of interest in course	22	49%	10	22%	7	16%	5	11%	1	2%	45	100%
10	Facilitation of learning	22	49%	10	22%	8	18%	4	9%	1	2%	45	100%
11	Provide feedback about your performance	23	51%	9	20%	7	16%	5	11%	1	2%	45	100%

Student-Instructor Interaction

		Excellent		Very Good		Good		Fair		Poor		Total	
12	Availability to assist students in or out of class	29	64%	7	16%	6	13%	2	4%	1	2%	45	100%
13	Respect and concern for students	29	64%	12	27%	4	9%	0	0%	0	0%	45	100%
14	Fairness of instructor	32	71%	10	22%	3	7%	0	0%	0	0%	45	100%
15	Overall assessment of instructor	26	58%	8	18%	9	20%	2	4%	0	0%	45	100%

		A		B		C		Total	
17	What grade do you expect to receive in this course?	11	24%	22	49%	12	27%	45	100%

		Yes		No		Total	
18	Is this course required for your program?	40	89%	5	11%	45	100%

		Freshman		Sophomore		Junior		Senior		Graduate Student		Total	
19	What is your class level?	27	60%	12	27%	4	9%	1	2%	1	2%	45	100%

		3.0 - 4.0		2.0 - 2.9		N/A		Total	
20	What is your current GPA?	35	78%	5	11%	5	11%	45	100%