



LAM FAMILY
COLLEGE *of* BUSINESS
SAN FRANCISCO STATE UNIVERSITY

San Francisco State University
Lam Family College of Business
Undergraduate Curriculum Committee

ECON 102 – Introduction to Macroeconomic Analysis
Undergraduate Curriculum Committee Course Outline

Econ 102: Introduction to Macroeconomic Analysis

Course Description

This is an introductory course aimed at teaching the basic principles of macroeconomics. In this course, we explore basic economic methodology, analysis, and policy that pertains to economic institutions, organizations, and industrial structure, the monetary system, measurement, determination, and stability of national income, monetary and fiscal policies, as well as balance of payments problems and policies.

Course Offered Fall, Spring and Summer

Detailed Outline of Topics covered

The following outline provides the topics that are covered by most faculty in the Economics department. The topics that are listed as optional are often not required and may be covered only if there is enough time.

1. PPF, Gains from Trade

- Opportunity costs, relation to PPF (inside, outside)
- Comparative vs absolute advantage
- Specialization, Gains from Trade

(Optional)

Terms of Trade

2. S and D

- Finding equilibrium from tables and graphs
- Supply and Demand shifters
- Shift vs movement
- Intuition for shape of supply (MC) and demand curves (MB)

(Optional)

- Market efficiency
- Price ceilings and floors (min wage, rent control)

3. National Income (GDP)

- Real vs nominal, GDP deflator, GDP growth (use two or three goods in examples, keep it simple)
- GDP by expenditure
- Accounting by the correct year, legal vs illegal
- Final vs intermediate goods
- Informal transactions
- Circular flow diagram
- Business cycle

(Optional)

- Value added model
- GNP
- Expenditure vs income approach

4. Cost of Living (CPI)

- CPI calculation, inflation
- The concept of an index, real examples
- Drawbacks of CPI

(Optional)

- Inflation adjusted earnings (constant dollar time series)
- Real interest rate
- Convert old dollars to current dollars
- Inflation sometimes saved for later topic

5. LR production and growth

- Per capita GDP
- Growth rates by country
- Long run factors for economic growth
 - Capital
 - Labor
 - Natural Resources (a bit)
- Convergence
- Production function model

(Optional)

- Solow model

6. Savings and Investment

- Savings and investment identity
- Loanable funds market
- Crowding out effect (sometimes with fiscal policy)
- Bond market
- Financial intermediaries and institutions

(Optional)

- Yield curves
- Net capital inflow
- IPO (direct vs indirect financing)

7. Unemployment

- Unemployment rates, LFP rates
 - Drawbacks of measuring u-rate
- Classifying workers as unemployed, employed, in LF
 - Looking for work

- Underemployed and marginally attached workers
- Frictional, cyclical, structural unemployment
- Natural rate of unemployment
- Explain real life statistics (by education)

(Optional)

- Demographics of unemployment, LFP
- Unions, efficiency wage, min wage (using S and D graphs)
- Long term unemployment

8. Inflation

- Redistribution of purchasing power
- Deflation
- Costs of inflation
 - Value of nominal time series data
- Costs on borrowers and lenders
- hyperinflation

(Optional)

- seigniorage

9. Money and Banking

- Measuring M1, M2
- What is money
- Functions of money
- How banks create money
- Money multiplier
- Reserve ratio
- Excess reserves
- Bank runs and panics
- Money neutrality

(Optional)

- Bank leverage
- Quantity theory of money

10. Income and Expenditure

- Unplanned inventory, investment, multiplier

(Optional)

- Keynesian cross model
- Fiscal multiplier

11. Aggregate S and D

- AS/AD model
- Explaining shape of AS/AD curves

- Distinguishing between market S& D vs AS/AD
- Causes of AS/AD shifts
 - Fiscal policy as a shifter
- Business cycle

(Optional)

- How economy adjust back to LR equilibrium from economic shock
 - Natural adjustment vs policy intervention
- Shifting AD and multiplier

12. Fiscal Policy

- Discretionary fiscal policy (AD shifter)
- Types of lag

(Optional)

- Automatic stabilizers
- govt. expenditure multiplier, tax multiplier, and transfer payment multiplier
- balancing federal budget
- great recession

13. Monetary Policy

- Money supply and demand (interest rates)
- Types of lag
- Fed tools: interest rate, reserve ratio, open market operations

(Optional)

- Quantitative easing
- Inflation targeting

14. International Macroeconomics

Time permitting- up to the instructor

15. Open Economy

Time permitting- up to the instructor