Course Objective

The purpose of this course is to provide students with the analytical tools to better understand the global macroeconomic environment. The topics and supporting materials are chosen so as to familiarize students with key macroeconomic issues and contemporary policy debates around the world.

Textbook


Recommended Reading

The library has subscription to the internet edition of *Financial Times*. You are expected to follow FT on a regular basis and bring articles of interest to discuss in class. I will definitely bring FT articles to class. If you happened to read them in advance, it would help for great discussion in class.

Additional Resources

The Central Bank of the Republic of Turkey had a very user friendly website for the dissemination of data on Turkish economy: [http://evds.tcmb.gov.tr/cbt.html](http://evds.tcmb.gov.tr/cbt.html)

Here are a few more links that will become handy throughout the course:

Turkish Institute of Statistics: [http://www.turkstat.gov.tr](http://www.turkstat.gov.tr)

Federal Reserve Economic Data: [http://research.stlouisfed.org/fred2/](http://research.stlouisfed.org/fred2/)

European Central Bank: [http://www.ecb.int/](http://www.ecb.int/)

In addition, regularly check the class web page for additional materials, useful links, and announcements.

Course Requirements

Class attendance is not mandatory, but the course is designed such that students who choose not to attend the lectures will definitely be at a disadvantage.

There will be two mid-term exams, one final exam and an unspecified number (ranging from 5 to 7) of quizzes. There will be no homeworks. There will be weekly assignments. You are encouraged to work on the weekly assignments, but not expected to turn in answers to the questions. However, they are still important, because the quizzes will most likely be based on the assigned problems and readings. Quizzes may or may not be announced in advance.
The final grade will be determined as follows:

- Mid-term Exam: 35 percent
- Final Exam: 40 percent
- Quizzes: 10 percent
- Project: 10 percent
- Participation: 5 percent

If you miss an exam, you have to make sure that your excuse is documented and approved by the University. If you have a valid reason with required documentation, such as a doctor’s report approved by the University, you will be allowed to take the make-up exam, which will be administered after the final exam. Since you can drop the lowest 2 quiz scores, no make-ups will be given for quizzes missed.

---

**Koç University**

**Statement on Academic Honesty with Emphasis on Plagiarism**

Koç University expects all its students to perform course-related activities in accordance with the rules set forth in the Student Code of Conduct (http://vpaa.ku.edu.tr/academic/student-code-of-conduct). Actions considered as academic dishonesty at Koç University include but are not limited to cheating, plagiarism, collusion, and impersonating. This statement’s goal is to draw attention to cheating and plagiarism related actions deemed unacceptable within the context of Student Code of Conduct:

All individual assignments must be completed by the student himself/herself, and all team assignments must be completed by the members of the team, without the aid of other individuals. If a team member does not contribute to the written documents or participate in the activities of the team, his/her name should not appear on the work submitted for evaluation.

Plagiarism is defined as ‘borrowing or using someone else’s written statements or ideas without giving written acknowledgement to the author’. Students are encouraged to conduct research beyond the course material, but they must not use any documents prepared by current or previous students, or notes prepared by instructors at Koç University or other universities without properly citing the source. Furthermore, students are expected to adhere to the Classroom Code of Conduct (http://vpaa.ku.edu.tr/academic/classroom-code-of-conduct) and to refrain from all forms of unacceptable behavior during lectures. Failure to adhere to expected behavior may result in disciplinary action.

There are two kinds of plagiarism: Intentional and accidental. Intentional plagiarism (Example: Using a classmate’s homework as one’s own because the student does not want to spend time working on that homework) is considered intellectual theft, and there is no need to emphasize the wrongfulness of this act. Accidental plagiarism, on the other hand, may be considered as a ‘more acceptable’ form of plagiarism by some students, which is certainly not how it is perceived by the University administration and faculty. The student is responsible from properly citing a source if he/she is making use of another person’s work. For an example on accidental plagiarism, please refer to the document titled “An Example on Accidental Plagiarism”.

If you are unsure whether the action you will take would be a violation of Koç University’s Student Code of Conduct, please consult with your instructor before taking that action.
COURSE OUTLINE

Part I. Introduction
Week 1. Macroeconomic variables and national accounting (Mankiw Ch. 1 and Ch. 2)

Part II. Basic Models and Concepts
Week 2. Savings, investment and the interest rate: Trade-off between the present and the future (Mankiw Ch. 3)

Week 3. International trade, capital flows and the aggregate economy (Mankiw, ch. 6; Ip, Ch. 6&7)

Week 4. Productivity and its role in the long-run economic growth (Mankiw, ch. 8&9; Ip, Ch. 1)

Week 5. The role of money and financial markets in the economy and an introduction to central banks. (Mankiw, ch. 4; Ip, Chs. 9-11)

Week 6. Money and Inflation (Mankiw, ch. 5; Ip, Ch. 5)

Week 7. The business cycle and the dynamics of labor markets (Mankiw, ch. 6; Ip, Chs. 2&3)

Part III. Models to Understand the Aggregate Economy
Week 8. Modelling business cycles (Mankiw, Ch. 11 & Sec. 12.1)

Week 9. Understanding business cycles with an application to the Great Depression (Mankiw, Sec. 12.3)

Week 10. Open economy with fixed & flexible exchange rates (Mankiw, Sec. 13.1-13.3)

Week 11. Fiscal and monetary policies in an open economy (Mankiw, Sec. 13.4-13.6; Ip, Chs 12&13.)

Week 12. The interaction between short-term (cyclical) and long-term dynamics: the role of inflation. (Mankiw, section 14.2)

Part IV. Understanding Financial Crises
Week 13-14. Is capitalism prone to financial crises (Mankiw& Ball, Ch.19; Ip. Ch. 14&15.)