Instructor: Murat Yılmaz
  office: NB 215  phone: 7646  email: muraty@boun.edu.tr  office hour: By appointment.
class hours, section 03: Tuesday 13:00-15:00 (EF106), Thursday 13:00-14:00 (NH105)
class hours, section 06: Tuesday 11:00-13:00 (EF106), Thursday 11:00-12:00 (NH305)
graduate TA: Ege Aksu  email: egeaksu91@gmail.com  office hour: TBA


Course Description: This course covers the core concepts in economics and provides the students with a basic understanding of macroeconomic issues, tools and concepts, such as economic growth, national income, inflation, unemployment, interest rates, aggregate supply and aggregate demand, etc. We will be dealing with the large scale challenges of economic life and we will try to explain the economy as a whole.

Grading: Midterm1 (30%), Midterm2 (30%), Final (40%)

Exam dates: The midterms will take place on the 15th of March, Tuesday, and 3rd of May, Tuesday, both in class. The final exam date will be announced later by the Registrar’s Office.

The right to take the final exam: In order to be able to take the final exam, you have to take at least one of the two midterm exams. If you miss both midterms, you cannot take the final exam!

Makeup exam policy: In case you have to miss a midterm exam, I will NOT ask you to bring any documented excuse. BUT, you have to contact me by email at least 12 hours before the midterm and explain your condition and why you will not be able to take the exam, and get my confirmation. If you do this and it’s accepted, then the weight of your midterm will be transferred to the final exam. I will not be giving any makeup exam for the midterms. If you don’t contact me at least 12 hours before the midterm and miss the midterm, you will get no credit for the midterm. I should mention that the final exam tends to be tougher than the midterm exam, naturally because there will be more topics which will be relatively more advanced.

If you miss the final exam, you need to apply to the excuse committee for permission to take the makeup. If your excuse is accepted, you can take the makeup exam that will be given during the excuse exam period. The makeup exam for the final will be cumulative. It is also worth mentioning that the makeup exam tends to be relatively more difficult, for fairness reasons.

Problem Sets:
  There will be regular problem sets which will be posted online. These problem sets are not going to be graded, however working on them is the most effective way to prepare for the exams. The answer key for a problem set will be posted a week after the problem set was posted.
Course Outline:

Part I: *Introduction to Economics*
Basic concepts: scarcity and choice, efficiency, incentives, opportunity cost, market economy, market failure, production possibility frontier, comparative advantage (Ch 1,2,3). Demand and Supply and Government Policy: market, law of demand, law of supply, equilibrium, surplus, shortage, price ceiling, price floor, tax incidence (Ch 4,6).

Part II: *Introduction to Macroeconomics*
Basic Concepts: business cycle, recessions, unemployment, inflation. Measuring a Nation’s Income: micro vs. macro, gross domestic product, real vs. nominal (Ch 10). Measuring the Cost of Living: price indexes (Ch 11).

Part III: *Long-Run Macroeconomics*
Production and Growth: economic growth, productivity, human capital, physical capital, diminishing returns (Ch 12). Saving and Investment: financial system, bond, stock, budget deficit, market for loanable funds, crowding out, saving, investment, basic tools of finance (Ch 13,14). Unemployment: labor force, natural rate of unemployment, cyclical/frictional/structural unemployment, efficiency wages (Ch 15). Open-Economy Macroeconomics: closed economy, open economy, exports, imports, trade balance, net capital outflow, real exchange rate, market for loanable funds, market for foreign-currency exchange, link between these two markets (Ch 18,19).

Part IV: *Short-Run Macroeconomics*
Monetary System and Inflation: money, functions of money, banking system, federal reserve system, money market, quantity theory of money (Ch 16,17). Aggregate Supply and Aggregate Demand: economic fluctuations, aggregate supply curve, aggregate demand curve, natural rate of output (Ch 20).

Part IV: *Macroeconomic Policy*
Fiscal Policy: multiplier, taxes and the multiplier, discretionary fiscal policy, automatic stabilizers, the federal budget, debt. Monetary Policy: money market revisited, liquidity preference, change in money supply/demand, interest rate targeting (Ch21). Short Run Tradeoff between Inflation and Unemployment: Philips curve, natural rate hypothesis (Ch 22).