INTERMEDIATE MACROECONOMIC THEORY

Required Materials

Prerequisites
Economics 100 or the equivalent. *First-year students may not enroll in this course.*

Office Hours
Posted office hours are Mondays and Wednesdays 10:00 to 11:30 a.m., and by appointment. I am also usually around afternoons. Please feel free to stop by for help, advice, or just to talk. If I am out, please leave your phone number or email address and I will try to contact you.

Grading
a) A 100-point grading scale will be converted to the four-point scale to determine grades. A passing score is 60 and above. Other grades with their minimum points:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Minimum Points</th>
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<tbody>
<tr>
<td>4.0</td>
<td>95</td>
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<tr>
<td>3.75</td>
<td>90</td>
</tr>
<tr>
<td>3.5</td>
<td>86</td>
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<tr>
<td>3.25</td>
<td>83</td>
</tr>
<tr>
<td>3.0</td>
<td>80</td>
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<tr>
<td>2.75</td>
<td>78</td>
</tr>
<tr>
<td>2.5</td>
<td>75</td>
</tr>
<tr>
<td>2.0</td>
<td>70</td>
</tr>
<tr>
<td>1.75</td>
<td>68</td>
</tr>
<tr>
<td>1.5</td>
<td>65</td>
</tr>
<tr>
<td>1.25</td>
<td>63</td>
</tr>
<tr>
<td>1.0</td>
<td>60</td>
</tr>
<tr>
<td>0.0</td>
<td>below 60</td>
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</tbody>
</table>

b) *Tests (50%)* The best two (2) of three (3) tests will be used to determine 50% of the final course grade. If a student misses a test, for any reason whatsoever, that test will be the test dropped. Tests may not be taken late but students can arrange to take a test early.

c) *Final Exam (30%)* Attendance is required at the comprehensive final exam on Wednesday 11 May at 6 p.m. No late or early exams times are allowed.

d) *Homework & Quizzes (20%)* The analytical nature of economics makes homework and quiz assignments important active learning devices. Assignments will be given out regularly during the semester. Each assignment will be weighted equally. *There can be no late assignments* even if there were reasons for the incomplete assignment that were beyond your control. Opportunities for extra credit in the form of dropped assignments will be available.

Tentative Course Schedule
First Day of Class ~ Thursday 21 January
Last Day Add/Drop ~ Thursday 28 January
Test #1 ~ Tuesday 16 February
Mid-semester Break ~ 18 to 21 February
Test #2 ~ Thursday 17 March
Spring Break ~ 19 to 27 March
Last Day to Withdraw ~ Friday 7 April
Test #3 ~ Thursday 21 April
Last Day of Class ~ Thursday 5 May
Final Exam ~ Wednesday 11 May at 6pm.
Other Course Policies
(a) P/F? This course may not be taken pass/fail.
(b) Electronic Devices. Cell phones, laptops, tablets, recorders, and other electronic devices are to be turned off during class and exams. Notes should be taken on paper with pen and pencil.
(c) Email Notices. Students are responsible for notices sent to their campus email address as well as announcements and other information provided on Sakai.
(d) Extra Credit. There is no extra credit available other than dropped assignments.
(e) Class Attendance. Students missing class are responsible for all material covered but attendance is not required. However, attendance will be recorded.
(f) Special Accommodations. Special Needs students should submit IEAP’s before the end of the second week of classes.
(g) Sleepy? Feel free to stand at the back or the side of the room.
(h) Borderline Grades. Final course grades “on the bubble” are resolved on the basis of factors such as performance on the comprehensive final exam, class attendance, improvement during the course, class participation, and attitude toward learning.

Tentative Course Outline
I. INTRODUCTION
   A. Overview [Read Ch. 1]
      1. Course Policies
      2. What Macroeconomists Study
      3. How Economists Think
      4. The Big Picture: Preview
   B. The Data of Macroeconomics [Read Ch. 2]
      1. Measuring the Value of Economic Activity (GDP)
      2. Measuring the Cost of Living (CPI)
      3. Measuring Joblessness (Unemployment Rate)

II. CLASSICAL THEORY: THE ECONOMY IN THE LONG RUN
   A. What Determines Total Output? [Read Ch. 3.]
      1. The Production Function and Total Output
      2. Distribution of National Income
      3. Determination of Aggregate Demand
      4. Equilibrium in the Aggregate Market for Goods and Services
   B. The Open Economy [Read Ch. 6.]
      1. International Flows of Capital and Goods
      2. Saving and Investment
      3. Exchange Rates
   C. Money, Inflation, and Unemployment [Read portions of Chs. 4, 5, and 7.]
      1. The Monetary System
      2. Inflation and the Quantity Theory
      3. Unemployment in the Long Run
III. GROWTH THEORY: THE ECONOMY IN THE VERY LONG RUN
   A. Economic Growth I: Capital Accumulation [Read Ch. 8]
      1. The Solow Model and the Steady State
      2. The Golden Rule Steady State
      3. Population Growth
   B. Economic Growth I: Technology, Empirics, and Policy [Read Ch. 9]
      1. Technological Progress
      2. Growth Empirics
      3. Policies to Promote Growth
      4. New Growth Theory: Endogenous Growth
      5. Accounting for the Sources of Economic Growth

IV. BUSINESS CYCLE THEORY: THE ECONOMY IN THE SHORT RUN
   A. Introduction to Economic Fluctuations [Read Ch. 10]
      1. Business Cycle Facts
      2. Time Horizons in Macroeconomics
      3. Aggregate Demand
      4. Aggregate Supply
      5. Stabilization Policies
   B. Aggregate Demand I: Building the IS-LM Model [Read Ch. 11]
      1. The Goods Market and the IS Curve
      2. The Money Market and the LM Curve
      3. Short-Run Equilibrium
   C. Aggregate Demand II: Applying the IS-LM Model [Reading: Ch. 12]
      1. Explaining Fluctuations
      2. IS-LM as a Theory of Aggregate Demand
      3. The Great Depression
   D. Aggregate Supply: Is There a Tradeoff between Inflation and Unemployment? [Read Ch. 14]
      1. Basic Theory of Aggregate Supply
      2. The Phillips Curve
      3. Changes in the Natural Rate of Unemployment
      4. Expectations and Managing Disinflation

V. TOPICS IN MACROECONOMIC POLICY
   A. Modern Perspectives on Stabilization Policy [Reading: Ch. 18]
      1. Should Policy Be Active or Passive?
      2. Should Policy Be Conducted by Rule or by Discretion?
   B. Government Debt and Deficits [Read Ch. 19]
      1. Government Budget Facts and Figures
      2. Spending and Taxes and Macro Performance
      3. Deficits and Debt: Effects on Growth and Inflation
   C. Financial System: Opportunities and Dangers [Read Ch. 20]
      1. What Does a Financial System Do?
      2. Financial Crises
      3. Conclusion
   D. What We Know, What We Don’t [Read Epilogue, pp. 593-600]
      1. The Four Most Important Lessons of Macroeconomics
      2. The Four Most Important Unresolved Questions of Macroeconomics