

ECON 305
Intermediate Macroeconomics
Spring 2010
Syllabus

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Office Hours: Tuesday and Thursday, noon-1 p.m. If these times don't work for you contact me to set up a mutually acceptable time. I am available by e-mail almost every day.

An economist must be “*mathematician, historian, statesman, philosopher, in some degree. . . . as aloof and incorruptible as an artist, yet sometimes as near the earth as a politician*” (John Maynard Keynes)

Texts: Mankiw, N. Gregory, *Macroeconomics*, 7th Edition. (New York: Worth Publishers, 2010)

Kaufman, Roger. *Student Guide and Workbook*, 7th Edition. (New York: Worth Publishers, 2010)

Others: *The Wall Street Journal*

Goals: In intermediate macroeconomics, we discuss and build models to explain the operation of the economy in the long run (the Classical model), the long, long run (the model of economic growth) and the short run (the Keynesian model). In each of these models, we will be interested in the determination of national output, the level of employment/unemployment, and the price level. After this discussion, the question that we will ask with respect to each model is whether government (through the use of fiscal and monetary policy, trade and/or investment policy) can improve the operation of the economy. Improve the operation of the economy means that the government can positively influence macroeconomic activity by changing the level of output and the level of unemployment in the economy.

Objectives: The objectives of the course are to:

- To improve your understanding of macroeconomics
- To identify short-run and long-run issues in macroeconomics. Short-run topics include the business cycle, stabilization policy, employment, national output and inflation, and long-run topics include economic growth, the natural rate of unemployment, inflation, and the effects of government debt.
- To integrate the concepts of Keynesian economic, Classical economic, and growth theories.
- To understand the various models of economic activity and to know when to apply each model.

Grades: The student's comprehension of the learning objectives will be evaluated through exams and a comprehensive writing assignment, also known as a term paper. There will be three exams and one comprehensive writing assignment during the semester. Each of the mid-semester exams is worth 100 points; the

comprehensive writing assignment is worth 150 points, and class participation is worth 50 points. **No late exams** will be given this semester. However, you always have the opportunity to take an exam early as long as you schedule that exam with me at least one week prior to the regularly scheduled exam date.

Exam	Date
Exam 1	Thursday, February 18
Exam 2	Thursday, March 25
Exam 3	Thursday, April 29
Final	Thursday, May 11 from 10:30 a.m.-12:30 p.m. I haven't decided yet, but the final exam time may be used for class presentations of your papers.

Comprehensive Writing Assignment (Term Paper):

In the past I have assigned bi-weekly writing assignments. This semester, I am choosing to assign a term paper in place of those writing assignments. The term paper will have an introduction, three major topic headings and a conclusion. The major topic headings are Short Run Economic Analysis, Long Run Economic Analysis, and Prospects for Economic Growth (or Decline). You will choose a country and use the models developed during the semester to analyze the behavior of that country's economy in the short run, long run, and long, long run (the model of economic growth). I want you to decide which country you're going to analyze within the first 2 weeks of class. As you make that decision, I advise you to consider the types of data you'll need to analyze economic behavior: data dealing with consumer expenditures, gross private domestic investment, government spending, net exports (the components of GDP), price level, money supply measures, national savings, labor force data dealing with employment and unemployment, exchange rates, government stabilization policies, and to analyze long run economic growth potential, you're going to need to find data dealing with the factors that generate long run economic growth. As we go through different models, I'll be giving you some intermediate assignments dealing with this paper to make sure that you are collecting relevant data and are on track to completing the paper on time. You are required to explicitly use the models developed during class; I encourage you to use graphs to demonstrate the models.

I'm also giving you the option to work in teams. If you choose to work together, a team may not have more than 3 members. I want to know the team members at the same time that you hand in the name of the country that you'll be analyzing. At the time that you hand in your writing assignment, you will be required to certify that each team member contributed significantly to the paper. If the majority of the team agrees that a member has not made a significant contribution, the free-loading team member will receive a grade of 0 for the paper.

Class Participation: Most weeks of the semester homework problems will be assigned from questions at the end of the chapter. Individual students will be randomly

chosen to present their answers to these assignments to the rest of the class. Class participation points (50 points) will be awarded based on the instructor's evaluation of the student's attendance, class participation, and performance in presenting the solutions to assigned problems.

Therefore, counting the 300 points earned from exams, the 150 points earned from the comprehensive writing assignment, and the 50 points earned from class participation, you have 500 points to earn this semester. Grades will be determined by the following point system. You'll notice that there is no plus/minus system on the grading scale below. Plus/minus will be given to students who are on the border between two grades. "On the border" means within 10 points of a different grade.

<u>Points Earned</u>	<u>Grade</u>	<u>Percentage Score</u>
450-500	A	90-100
400-449	B	80-89
350-339	C	70-79
300-349	D	60-69
Below 300	F	Below 60

Academic Integrity: I will follow the rules set forth in the Student Code of Conduct of Boise State University. Refer to Boise State's Student Code of Conduct for definitions of cheating, plagiarism, and other forms of academic dishonesty as well as policies and procedures for handling such cases. I strongly encourage you to familiarize yourself with this policy, as it is applicable to all of your classes and dealings with the University. Academic honesty is a core belief of the University.

Classroom Behavior: I expect you to come to class on time and to be ready to discuss the assigned material. The clock of record is the classroom clock. If you are habitually late, habitually leave early, or exhibit bad classroom behavior, I reserve the right to decrease your grade up to 10 percent. Our classroom is a scream-free, bubble blowing free, respectful learning environment!

Blackboard: I will be using Blackboard this semester to communicate with you, to use as a grade book, and to post current assignments. Please log on to Blackboard this week. Make sure that the e-mail address on Blackboard is your correct e-mail address. With respect to Blackboard, you'll be checking three places this semester: (1) Assignments: This is the folder where I'll post what we're doing week-by-week. Open the folder and click on the week of the semester. You'll see reading assignments, homework assignments, what we're going to cover in class, etc. (2) Announcements: This is where I will post information about exams, interesting articles, etc. (3) Grade Book: This is where exam scores and scores for the writing assignments are posted. At any time during the semester, you can use this information to calculate your grade.

Chapters That Will Be Covered This Semester
(I'll let you know where we are on a daily basis)

Introduction

Epilogue

Chapter 1: The Science of Macroeconomic Economics

Chapter 2: The Data of Macroeconomic Economics

Income, Unemployment, and Inflation in the Long Run

Chapter 3: National Income: Where It Comes From and Where It Goes

Chapter 4: Money and Inflation

Chapter 5: The Open Economy

Chapter 6: Unemployment

Growth Theory: The Economy in the Very Long Run

Chapter 7: Economic Growth I: Capital Accumulation and Population Growth

Chapters 1 and 2, "The Facts to Be Explained" and "A Framework for Analysis" (David N. Weil, *Economic Growth*, 2nd Edition, Pearson/Addison Wesley: 2009)

Chapter 8: Economic Growth II: Technology, Empirics and Policy and Appendix

Business Cycle Theory: The Economy in the Short Run

Chapter 9: Introduction to Economic Fluctuations

Chapter 10: Aggregate Demand I: Building the IS/LM Model

Chapter 11: Aggregate Demand II: Applying the IS/LM Model

Chapter 12: The Open Economy Revisited: the Mundell-Fleming Model and the Exchange Rate Regime

Chapter 13: Aggregate Supply and the Short-run Tradeoff Between Inflation and Unemployment

Chapter 14: A Dynamic Model of Aggregate Demand and Aggregate Supply

Macroeconomic Policy

Chapter 15: Stabilization Policy

Conclusions

Epilogue: What We Know, What We Don't Know