

ECON 305
Intermediate Macroeconomics
Spring 2011
Syllabus

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Office Hours: Tuesday and Thursday, noon-1:30 p.m. unless otherwise posted. If this time 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)

Required Resources:

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

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

Recommended Resource:

The Wall Street Journal

The Economist

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:

- a. To improve your understanding of macroeconomics
- b. 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 savings and government debt.
- c. To integrate the concepts of Keynesian economic, Classical economic, and growth theories.
- d. To understand the various models of economic activity and to know when to apply each model.

COBE Core Curriculum Concepts, Methods and Skills:

Students in this class will also learn or practice the following COBE Core Curriculum concepts, methods and skills related to economics and the international environment of businesses.

- 2.1 Communicate effectively: Write messages and documents that are clear, concise, and compelling.
- 3.0 Solve problems, including unstructured problems, related to business and economics.
- 4.0 Use effective teamwork and collaboration skills

Grades:

The student's comprehension of the learning objectives will be evaluated through exams, writing assignments, and a comprehensive final exam. There will be three exams, nine writing assignments, and one comprehensive final exam during the semester. Each of the mid-semester exams is worth 100 points; the comprehensive final exam is worth 150 points, the writing assignments are worth 100 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.

The exams given during the semester will be a combination of in-class and take-home exams. The in-class portion of the exam is composed of multiple choice questions and is closed book, closed notes. The take-home part of the exam may be questions that are true/false explain or problems or essays. Generally each of the take home questions involves graphing. The in-class portion of the exam is due by the end of the exam period; the take-home portion of the exam will be due by 5 p.m. the next day. Since your exams are scheduled for Thursday, the take-home portion of the exam is due in my mailbox in the Department of Economics by Friday at 5 p.m. You may hand in the take-home portion of the exam early.

Writing assignments and class participation are described in more detail below.

Source of Points	Maximum Points
3 Exams	300
Writing Assignments	100
Participation	50
Comprehensive Final Exam	150
Total Points	600

Points Earned	Grade	Percentage Score
540-600	A	90-100
480-539	B	80-89
420-479	C	70-79
360-419	D	60-69
Below 359	F	Below 60

Exam Dates:

Exam 1: Thursday, February 17

Exam 2: Thursday, March 24

Exam 3: Thursday, April 28

Final Comprehensive Exam: Tuesday, May 10, 10:30 a.m.-12:30 p.m.

Writing Assignments:

The writing assignments will occur throughout the semester as we complete a topic. You are required to hand in 8 acceptable writing assignments to earn 100 points; the list of possible topics appears below.

1. Classical model: Closed economy
2. Classical model: Open economy
3. Classical model: Role of money
4. Classical model: Unemployment
5. Economic Growth
6. Aggregate Demand/Aggregate Supply: Change in AD, short and long run effects
7. Aggregate Demand/Aggregate Supply: Change in SAS, short and long run effects
8. IS/LM Analysis: Change in IS, short and long run effects
9. IS/LM Analysis: Change in LM, short and long run effects
10. Change in either IS or LM and the relationship between the change in IS or LM and AD/AS analysis
11. Change in AD or SAS with a positively sloped SAS

The mechanics of the assignment look like this: I want a typewritten analysis of the article that will contain three sections: (1) A **brief** (read brief as one short paragraph) summary of the article; (2) At least one paragraph relating what you have read in the article to the model that we are covering in class with the analysis listed above, and (3) An explanation concerning whether the model that you're described in section two is the most appropriate economic model to use. The most important part of the writing assignment is the second section. Relating what you've read in the article to the model that you're learning in class means that you take something from the article and analyze how that factor affects the macro economy using the model that has been developed in class. I want you to demonstrate your understanding of the models that we're developing in class by applying those models to the articles that you choose to analyze. To make sure that you address each area, I want you to label the sections of your writing assignment with the following headings: (1) Summary of Article, (2) Application of Model and (3) Evaluation of Model.

The writing assignments should be no longer than 1-2 pages. I want you to attach a copy of the article to your summary. **You may hand in only one article per week.** Your article must not be more than one week old. **It is up to you to hand in the assignment; I will not explicitly ask for it. I want you to take the responsibility to find the articles, write the summaries, and hand in the writing assignment.** I will grade all journal assignments handed in approximately every two weeks. Writing assignments will be graded as unacceptable, acceptable, or exceptional. Exceptional journal assignments will receive a mark of 10. Exceptional journal assignments are well written with no grammatical or spelling errors and contain a level of analysis above average. Acceptable writing assignments are assignments that cover the basics described above but do not stand out as exceptional. An acceptable writing assignment will receive a mark of 8. Unacceptable writing assignments are assignments that cover an inappropriate topic, writing assignments with more than three spelling or grammatical errors, or writing assignments that fail to use a model. Unacceptable journal assignments will be handed back. You will have the opportunity to rewrite the assignment to hand it back in for credit. Unacceptable writing assignments will receive a mark of 0.

Your journal assignment is worth 100 points. I will grade the assignment as follows: If you have turned in 8 acceptable journal assignments, and you have received at least 4 10's, you will receive 100 points. Otherwise, 8 acceptable journal assignments will be worth 90 points. If you haven't

handed in 8 acceptable journal assignments, your score will be calculated as 90 multiplied by the percentage of journal assignments that you have completed. For example, if you have completed only 6 acceptable journal assignments, your score would be $90(.75)$, which is equal to 67.5 points.

Writing Style: Writing is an integral part of all of our disciplines. Developing an effective style of writing to convey your thoughts and ideas is one of the most important skills you should attain in college. The COBE Writing Styles Guide (WSG) will be the writing standard we use in this class. The WSG lays out a set of basic writing standards that will be used across all courses in the College of Business and Economics (COBE). These standards are a subset of the rules about good writing taught in English and Communications courses. This subset emphasizes professional communications in the workplace.

I've seen an increasing amount of plagiarism on writing assignments during the past few semesters. If you plagiarize on your writing assignments, I will give you one warning and a chance to rewrite the first writing assignment containing plagiarized material. If you choose to plagiarize a second time, that writing assignment will be counted as unacceptable and you will not be able to replace that grade. If you are unsure whether you are plagiarizing, please check the COBE Writing Guide. If you don't find an answer to your plagiarism question, then come see me.

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.

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, cell phone free, text (as in communicating with each other by text during class) free, web surfing 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 r

ading 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

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 6, Abel, Bernanke, and Croushore, *Macroeconomics*, 2011, Addison Wesley

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)

Plus some articles from current periodicals dealing with the topic of economic growth

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