12:15 – 1:30 TuTh, MP 201  
Spring 2010
Professor Dalton

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PREREQUISITES
Principles of Macroeconomics. Junior level standing or above.

TEXT AND STUDY MATERIALS
The required texts for this course are John Maynard Keynes, by Paul Davidson and Time and Money: The Macroeconomics of Capital Structure, by Roger W. Garrison Additional readings will be assigned during the course and either distributed as handouts or available for download from the course webpage. Some readings are noted in the course outline.

Powerpoint slides for some lectures will also be accessible on the net, after they have been presented in class, through the course webpage. The course webpage will also link other aids for learning. Please note that I do not use Blackboard.

COURSE OBJECTIVE AND OVERVIEW
The primary objective of this course is to extend the student’s understanding of the economic analysis of the “macroeconomy.” Building upon the basic knowledge from a Principles of Macroeconomics course, this course introduces students to the three major competing modern models of the economy, presents the inadequacies of these approaches, and then considers the ideas of John Maynard Keynes and Friedrich A. Hayek and their emphasis upon time and uncertainty as alternative approaches to macroeconomics.

THE POSITIVE BIAS OF ECONOMICS
Paul Heyne, in his introductory text Microeconomics, notes that “the economic way of thinking is a biased perspective. It does not offer an unprejudiced view of society, in which all the facts are presented and all interests are given the same weight.” Everyone engaged in the search for knowledge of any kind necessarily begins with preconceptions of what is important and what is not, what is true and what is not, and what is useful and what is not. To the extent a student comes to understand economics, he will become biased in the same way as other economists and will look at the world in a way much different from non-economists. We should note that non-economists are also biased in their understanding of economics, and in this course the student will learn how such biases lead to errors in analyzing economic activity. This does not mean that any two economists will completely agree on “how the economy works.”

NORMATIVE BIAS AND ECONOMIC POLICY
Much of modern economics is a consideration of what government “ought to do,” if anything, in achieving widely accepted economic goals. The question of one’s support for a particular government action will, of course, depend upon one’s preferences and
interests, as well as one’s understanding of how the economy works. But beyond that, one’s basic ethical and political views will come into play. It should be of no surprise, then, that it is possible that even if two economists had identical views of the workings of the economy, they might disagree on the propriety of a particular government action.

INSTRUCTOR EXPECTATIONS OF STUDENTS
Students are expected to come to class having read the appropriate readings prior to lecture and discussion. Most classes (except those where the experiments will take the entire class period) will begin with the interrogatory: “Are there any questions?” This is the student’s opportunity to ask questions over material previously covered or to raise questions about the material under current discussion, the nature of economics, or other matters related to economic learning. Reviewing the Sample Questions (see next section) prior to class will aid your understanding of readings, lectures, and discussions. Students are expected to be prepared to discuss sample questions in class.

Students are expected to conduct themselves in a manner amenable to the learning process, treating one another with respect. Students are encouraged to form study groups among themselves, assist one another in mastering material, and provide one another with missed notes.

If, due to time constraints, we don’t cover some assigned readings in class, that doesn’t mean that you are necessarily excused from knowing the material. The general rule is: if a reading is assigned, you are responsible for knowing it.

Please read the handout on Classroom Conduct and Expectations that appears on the course website.

GRADING
The final course grade will be based upon twelve of fourteen scheduled take-home exams, twelve of fourteen scheduled abstracts on outside reading assignments, two papers, and a Comprehensive Final Exam:
(1) twelve article summaries are worth 60 points;
(2) two papers are worth 100 points;
(3) twelve take home exams are worth 300 points; and
(4) final exam is worth 300 points.

Total graded points are 760. The following grading scale will be used:

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<tr>
<th>Grade</th>
<th>Points</th>
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<tr>
<td>A+</td>
<td>733 – 760</td>
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<tr>
<td>A</td>
<td>703 – 732</td>
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<tr>
<td>A-</td>
<td>680 – 702</td>
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<tr>
<td>B+</td>
<td>657 – 679</td>
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<tr>
<td>B</td>
<td>627 – 656</td>
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<tr>
<td>B-</td>
<td>604 – 626</td>
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<tr>
<td>C+</td>
<td>581 – 603</td>
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ARTICLE SUMMARIES (ABSTRACTS) OF OUTSIDE READING
Students will be assigned a specific outside reading on each Tuesday the class meets, beginning January 19 and concluding April 27. The reading will either be linked online or
handed out in class. An abstract of the reading will be due the following Thursday, beginning January 21 and concluding April 29. Fourteen readings will be assigned. The twelve highest scores will be used to help determine the student’s grade in the class.

The abstract is to be handed in as a hard-copy or submitted as a word file, mailed to the instructor’s email address. Each abstract is to be single-spaced, typed, and in font size no larger than 12. Margins should be 1” on top, bottom, and both sides. The top of the first page should include your name and the title question; ideally, the abstract should be no longer than one and one-half pages.

PAPERS
There are two required papers for the course. The first paper is worth 25 points, and the second paper is worth 75 points.

The first is to be a biography of a 20th-century economist who made a substantial contribution to the development of macroeconomic theory. A list of economists that are appropriate for this assignment are listed below. The biography should include such pertinent information as birth date and place, academic history and honors, policy positions held (if any), major papers and contributions.

This paper is to be single-spaced, typed, and in font size no larger than 12. Margins should be 1” on top, bottom, and both sides. The top of the first page should include your name and name of the economist; ideally, the biography should be no longer than one-page. It is to be submitted as a hard copy and as a word file, mailed to the instructor’s email address. The paper is due February 23.

The second paper is a continuation of the first. This paper is to specifically address the major contribution of the economist to macroeconomic theory (as determined by the student); trace this contribution to forerunners and followers (Whose work was built upon? Who took up and developed the contribution(s) further?); and, to place the contribution(s) within the context of the history of the development of macroeconomic theory. The paper should present the major contribution in sufficient depth that the student demonstrates mastery of the contribution. The paper should conclude with the student’s own evaluation of the importance of the contribution to the development of macroeconomics or an understanding of the macroeconomy.

This paper is to be double-spaced, typed, and in font size no larger than 12. Margins should be 1” on top, bottom, and both sides. This paper should have a cover page indicating your name and the title, an end-note page, and a bibliography page; the paper should be eight to ten pages in length (excluding title, end-note and bibliography). It is to be submitted as a hard copy and as a word file, mailed to the instructor’s email address. The paper is due May 4.

Appropriate Economists for Term Papers

Gunnar Myrdal | Wesley Mitchell | Dennis Robertson
Erik Lindahl | Alvin Hansen | Nicholas Kaldor
Erik Lundberg | John R. Hicks | Abba Lerner
TAKE-HOME EXAMS
I have found in teaching this course that frequent testing of knowledge is necessary to mastering the material. Each Thursday, beginning January 21 and concluding April 29, a take-home exam worth 25 points will be assigned, due the following Tuesday the class meets. Each take-home quiz will consist of short-answer questions over material covered that week. Fourteen take-home quizzes will be assigned. The twelve highest scores will be used to help determine the student’s grade in the class. The exam is to be handed in as a hard-copy or submitted as a word file, mailed to the instructor’s email address.

COMPREHENSIVE FINAL EXAM
The final exam will be given during the final exam period, Tuesday, May 11, 1 – 3 pm. The final is comprehensive and will cover the entirety of the course. The final exam is worth 300 points (approximately 35% of the final grade).

MAKE-UP POLICY
Every assignment upon which you are graded may be received and turned in electronically, excepting the final exam. Since the two lowest quiz scores and two lowest abstract scores or dropped from grade calculation, only in cases of extended illness will make-ups be possible. Appropriate documentation will be required.

GENERAL POLICIES
(1) There are no extra credit projects.
(2) An incomplete will be allowed for the class only if a 70% or better average is achieved through the take-home quiz assigned on April 8. To receive an incomplete requires the completion of a contract with a date certain for completion of class requirements.
(3) Withdrawal from class is the responsibility of the student.

COURSE OUTLINE – See website for associated readings
I. Long-run Macro: Growth
II. Short-run Macro: Economic Fluctuations
III. Four Modern Macro Models
   A. Solow Growth Model
   B. IS-LM
   C. “Classical” AD-AS
   D. Dynamic AD-AS

IV. Central Issues in Macroeconomics

V. The Classics-Keynes-Hayek Debate

VI. Classical Economics

VII. Keynes’ General Theory

VIII. Hayek’s Prices and Production

IX. The Economics of Time and Ignorance

X. Modern Post-Keynesian Economics

XI. Modern Austrian Macroeconomics