Economics 102 – Intermediate Macroeconomics
Spring 2015 Syllabus

Prof. Cameron Shelton
Bauer North 108 (Basement)
Office Hours: W 10:00-11:45am, 1:00 – 3:00pm

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Email: cshelton@cmc.edu

<table>
<thead>
<tr>
<th>Course</th>
<th>Lecture Time</th>
<th>Location</th>
<th>Final Exam</th>
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<tbody>
<tr>
<td>Econ 102, Sec 1</td>
<td>T/R 11:00 – 12:15</td>
<td>BC 35</td>
<td>Common Final: TBD by registrar</td>
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<tr>
<td>Econ 102, Sec 2</td>
<td>T/R 1:15 – 2:30</td>
<td>BC 24</td>
<td>Graduating Seniors: to be arranged with me as a group.</td>
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<tr>
<td>Econ 102, Sec 3</td>
<td>T/R 2:45 – 4:00</td>
<td>BC 24</td>
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Textbooks

Course Description
Macroeconomics is the study of large economic aggregates. Our primary subject will be the US economy but we will also touch on the national economies of other developed countries. We seek to understand fluctuations in output, employment, and prices (not only consumer price inflation but also interest rates, exchange rates, and wages) at a variety of frequencies: changes from quarter-to-quarter, year-to-year, and decade-to-decade. This course will build a coherent set of models explaining the relationship between these macroeconomic variables. Students will use these models to understand the effects of various events and policy choices on the national economy of a developed country.

Prerequisites
Economics 50 and some calculus.

Learning Objectives
At completion of this course, students will be able to:
- understand and interpret macroeconomic data
- understand the behavior of macroeconomic variables
- understand the basics of macroeconomic policy
- critically read and assess macroeconomic journalism (e.g. The Economist, The Financial Times, Business Week)

Grading Criteria:
The final numerical grade will be calculated as the weighted average of the individual assignment grades using the following weights:

- 8 Problem Sets + 1 write-up: 20%
- Midterm 1: 20%
- Midterm 2: 20%
- Final: 40%
A curve will be applied to each of these categories to give a letter grade for the category. Letter grades for the course will be a weighted average of the letter grades for each category, using the weightings above. The distribution of final grades will be broadly in line with other sections of this course, past and present.

**Policies**

**Required Readings**
Selected chapters of Acemoglu and Robinson, *Why Nations Fail*
Several brief articles from *The Economist* magazine which will be listed in your problem sets and available on Sakai

The Blanchard and Johnson textbook should be available both at Huntley and via online booksellers. If you choose to buy an earlier edition or an overseas edition I cannot guarantee congruence of content. The book by Acemoglu and Robinson is available at Huntley, via online sellers, and in electronic form. Take your pick.

**Problem Sets**
Problem sets will be posted on the course website hosted on Sakai. The due dates are noted on your syllabus and will be reiterated on the problem set. Problem sets will consist of half-a-dozen analytic questions drawn from your textbook and/or of my design. Detailed solutions will be posted two days following the due date. I strongly suggest you check your work against the solutions to measure your understanding.

**Collaboration**
Students may collaborate with, at most, two other students on problem sets. In this case, one problem set may be handed in with all students’ names written on the finished problem set. All students will receive the same grade. I will not accept problem sets from groups of four: split into twos and work separately. The danger of group work is that students will, rather than learning from each other, simply slack off and learn only a portion of the material. **Be sure you each understand the entirety of the material as you will be individually responsible for it on exams which form the bulk of your grade.**

**Exams**
All exams will be in-class, closed book, closed notes. The dates can be found in the assignment schedule below. They will typically consist of a set of multiple choice questions, a set of short response questions, plus one extended “story problem” requiring application of the integrated set of models to a scenario. To facilitate studying, practice exams and model answers will be posted on Sakai in advance of the actual exam.

**Disability**
If you have any problems with the terms of this syllabus due to a disability you must let me know within the first two weeks of class. Note: if you require alternative arrangements for the exams I must be contacted by the Dean of Students but it is your responsibility to coordinate with me about the time and place of your exam at least two weeks prior to the exam.

**Extra Credit**
There is no extra credit in this course.
**Absence**
You must notify me within the first two weeks of the course if you are going to miss an exam due to a legitimate school-sanctioned activity. I reserve the right to approve all such requests.

**Academic Dishonesty**
Please be aware that any incidence of academic dishonesty (plagiarism, cheating, etc.) will be taken *extremely* seriously. All cases will be reported to the Academic Standards Committee immediately.

**Course Outline and Assignment Schedule**

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<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Pages</th>
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<tr>
<td>Tue Jan 20</td>
<td>Syllabus and Introduction to Macroeconomics</td>
<td>Ch. 1,2</td>
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<tr>
<td>Thu Jan 22</td>
<td>SR: goods market</td>
<td>Ch. 3</td>
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<tr>
<td>Tue Jan 27</td>
<td>SR: money market</td>
<td><em>Mankiw and Ball</em> 409-423 Ch. 4.1, 4.2</td>
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<tr>
<td>Thu Jan 29</td>
<td>SR: money market</td>
<td>Ch. 4.3, 4.4</td>
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<td><strong>Problem Set 1 due 11:59pm</strong></td>
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<tr>
<td>Tue Feb 3</td>
<td>The IS-LM model</td>
<td>Ch. 5.1 – 5.3</td>
</tr>
<tr>
<td>Thu Feb 5</td>
<td>IS-LM bis</td>
<td>Ch. 5.4, 5.5</td>
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<tr>
<td>Tue Feb 10</td>
<td>Wage-bargaining</td>
<td>Ch. 6.1 – 6.3</td>
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<tr>
<td>Thu Feb 12</td>
<td><em>Professor Out of Town</em></td>
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<td></td>
<td><strong>Problem Set 2 due 11:59pm</strong></td>
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<tr>
<td>Tue Feb 17</td>
<td>The AS-AD model</td>
<td>Ch. 6.4 – 6.6, 7.1</td>
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<tr>
<td>Thu Feb 19</td>
<td>AS-AD bis</td>
<td>Ch. 7.2-7.7</td>
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<td>Tue Feb 24</td>
<td>The Phillips Curve</td>
<td>Ch. 8</td>
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<td>Thu Feb 26</td>
<td>Inflation and Disinflation</td>
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<td><strong>Problem Set 3 due 11:59pm</strong></td>
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First Midterm: Monday, Mar 2nd, 7 – 9pm @ Bauer Center Forum
Covers material through lecture of Feb 17th.

Tue Mar 3: The Financial Crisis and Liquidity Traps
Mankiw and Ball 442-450
Mankiw and Ball 499-532
Ch 9

Thu Mar 5: Okun’s Law

Tue Mar 10: Creative Destruction and Secular Stagnation
TheOnrushingWave, SecularStagnation

Thu Mar 12: Cost Disease
AnIncurableDisease, CostofHigherEd

Problem Set 4 due 11:59pm

Mar 18 & 20: No Lecture (Spring Break)

Tue Mar 24: Growth Data
Ch 10.1 – 10.3

Thu Mar 26: Solow’s Insight
Ch. 10.4, 11.1, 11.2
Problem Set 5 due 11:59pm

Tue Mar 31: Solow bis
Ch. 11.4, 12.2, 12.3

Thu Apr 2: Institutions and Growth: Discussion
Acemoglu and Robinson chapters 1 – 4 + one additional chapter of your choosing
Write-up due in class

Tue Apr 7: Interest Rate Dynamics
Ch. 14

Thu Apr 9: Yield Curves
Ch. 15
Problem Set 6 due 11:59pm

Second Midterm: Monday, Apr 13th, 7 – 9pm @ Bauer Center Forum
Covers material through lecture of Apr 2nd

Tue Apr 14: No lecture (following midterm)

Thu Apr 16: Forward-Looking Consumption
Ch. 16.1

Tue Apr 21: Forward-Looking Investment
Ch. 16.2, 16.3, 17.2 + Focus boxes on Quantitative Easing and Rational Expectations

**Thu Apr 23:**  Exchange Rates and Uncovered Interest Parity
                   Ch. 18
                   **Problem Set 7 due 11:59pm**

**Tue Apr 28:**  Open Economy Goods Market
                   Ch. 19

**Thu Apr 30:**  The Mundell-Fleming Model (open-economy IS-LM)
                   Ch. 20.1 – 20.4

**Tue May 5:**  Summary and Review
                   **Problem set 8 due 11:59pm**

**Final Exam:** Common final time to be announced February 3rd.