Intermediate Macroeconomics, Spring 2013

Economics 311

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Office hours: T 11:00 – 1:00pm and by appointment.

Class time: Class location:

T 3:00-5:50pm DEL NORTE 1555

Midterm: Tuesday, 12 March (in class)

Final exam: Tuesday, 14 May, 4:00 – 6:00 pm

Course website: <http://blackboard.csuci.edu>

Required text: Macroeconomics 6th ed. Olivier Blanchard & David R. Johnson (Prentice Hall-Pearson, 2013). I also recommend obtaining a principles of macroeconomics textbook (ECON 111 level textbook) to use as a supplement to the required textbook.

Grading system

Your grade for the course is based on homework and exams in the following way:

|  |  |
| --- | --- |
| Task | Percent of grade |
| Homework assignments | 20 |
| Midterm | 35 |
| Paper | 5 |
| Final exam | 40 |

Grades for total points from the homework and exams will be assigned according to the following distribution:

90%-100%: A+, A, A-

80%-89%: B+, B, B-

70%-79%: C+, C, C-

60%-69%: D+, D, D-

0%-59%: F

I may also adjust the scores to account for the difficulty of the exams. For example, if few people get a final score above 90% because of difficult exams, then I will give out more As to account for difficultly of the exams. In this case, I typically assign a median (midpoint) grade of a B-/C+.

Exams

There will be no make-up exams, so if you can not attend class on the day of the in-class exams or you can not attend the final exam, please do not enroll in this course for a grade. You are welcome to take the course for a pass-fail grade. Exams will include multiple choice and “short-answer” questions focused on the lecture notes, textbook and homework. The final exam questions will be concentrated heavily on material covered after the second in-class exam, but will also include some earlier material.

Homework assignments

There are six homework assignments each equally weighted. Homework assignments will vary between i) multiple choice, ii) quantitative/short answer and iii) essay questions. These are designed to keep you from falling behind, and prepare you for the exams (as opposed to being “busy work”). Late homework will not be accepted. Some of the homework assignments will be turned in electronically via blackboard. However, several homework assignments must be handed in during the beginning of class on the date it is due. You may submit a homework assignment early, but never late. I will drop your lowest HW score. In other words, I will only count your best five homework scores.

Paper

The Subprime Financial Crisis had devastating effects on the economy in the US and abroad. Discuss how the creation of Collateralized Debt Obligations and Credit Default Swaps, lack of government regulation, predatory lending, unethical rating agency standards, and the Securitized Lending Food Chain contributed to this Crisis. Moreover, illustrate the effects of this crisis on economic growth, domestic and abroad. The paper should be 5-6 pages in length, 12 point font, double-spaced, and include references. The paper is due on or before lecture on April 30th. I encourage you to submit a first draft so that I can give you feedback. This equates to an extra credit opportunity as I will increase the score on your paper by one letter grade if you choose to submit a first draft (5-6 pages) on or before April 16th.

Class participation

Regular class participation can help your grade if you are on the borderline between two grades. For example, if you are at the cutoff between a B+/A-, regular class participation would boost your grade to an A-. Because this class meets only once a week (as opposed to twice a week), missing a lecture is tantamount to missing an entire week’s worth of lecture material. In sum, missing more than one lecture will invariably have a negative impact on your grade.

Course overview

Macroeconomics is a branch of economics that deals with the aggregate performance, structure, and behavior of a national or regional economy. Macroeconomists develop theories, models, and other measurement tools to examine, explain, and predict the complex relationship between “macro-“ variables including gross domestic product, consumption and saving, investment and debt financing, unemployment and inflation, international trade, and factors driving short-run fluctuations in business activities and long-run economic growth. Understanding these macroeconomic tools is fundamental in evaluating policy alternatives, developing robust forecasting capabilities (in both private and government sectors), and becoming an informed citizen in the society. Our class time will include lecture and in-class discussion (including some current events). Lecture material will be based on the material from the textbook, so it is a good idea to read the text before class.

Student Learning objectives:

Students who successfully complete this course will be able to:

* Distinguish macroeconomic from microeconomic themes.
* Identify the components of national income and the various methods for computing national income.
* Predict the effects of government policy changes on aggregate economic behavior.
* Describe the role of money in the economy and predict the effects of changes in the relative scarcity of money.
* Identify the purpose and effects of fiscal and monetary policy.
* Analyze the domestic and international economic effects of domestic government policy changes.
* Describe the events that preceded the Subprime Crisis, and understand how this crisis affected output growth domestically and abroad.

Course Prerequisites: ECON 110, ECON 111 and MATH 140 (or 150).

Academic Honesty

*1. Academic dishonesty includes such things as cheating, inventing false information or citations, plagiarism and helping someone else commit an act of academic dishonesty. It usually involves an attempt by a student to show possession of a level of knowledge or skill that he/she does not possess.*

*2. Course instructors have the initial responsibility for detecting and dealing with academic dishonesty. Instructors who believe that an act of academic dishonesty has occurred are obligated to discuss the matter with the student(s) involved. Instructors should possess reasonable evidence of academic dishonesty. However, if circumstances prevent consultation with student(s), instructors may take whatever action (subject to student appeal) they deem appropriate.*

*3. Instructors who are convinced by the evidence that a student is guilty of academic dishonesty shall assign an appropriate academic penalty. If the instructors believe that the academic dishonesty reflects on the student's academic performance or the academic integrity in a course, the student's grade should be adversely affected. Suggested guidelines for appropriate actions are: an oral reprimand in cases where there is reasonable doubt that the student knew his/her action constituted academic dishonesty; a failing grade on the particular paper, project or examination where the act of dishonesty was unpremeditated, or where there were significant mitigating circumstances; a failing grade in the course where the dishonesty was premeditated or planned. The instructors will file incident reports with the Vice Presidents for Academic Affairs and for Student Affairs or their designees. These reports shall include a description of the alleged incident of academic dishonesty, any relevant documentation, and any recommendations for action that he/she deems appropriate.*

*4. The Vice President for Student Affairs shall maintain an Academic Dishonesty File of all cases of academic dishonesty with the appropriate documentation.*

*5. Student may appeal any actions taken on charges of academic dishonesty to the "Academic Appeals Board."*

*6. The Academic Appeals Board shall consist of faculty and at least one student.*

*7. Individuals may not participate as members of the Academic Appeals Board if they are participants in an appeal.*

*8. The decision of the Academic Appeals Board will be forwarded to the President of CSU Channel Islands, whose decision is final.*

# Disability Accommodations:

# *Cal State Channel Islands is committed to equal educational opportunities for qualified students with disabilities in compliance with Section 504 of the Federal Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA) of 1990. The mission of Disability Accommodation Services is to assist students with disabilities to realize their academic and personal potential. Students with physical, learning, or other disabilities are encouraged to contact the Disability Accommodation Services office at (805) 437-8510 for personal assistance and accommodations.*

**Course Schedule: See next page.**

Course Schedule: Subject to changes as necessary during the quarter. Typically some adjustments are made over the course of the quarter, depending on the progress made in each individual lecture. Consequently, I may need to push the due date for a homework assignment back one lecture meeting, but I will never move one forward.

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| --- | --- | --- | --- |
| **Date** | **Lecture topic** | **Textbook reading** | **HW Due** |
| 22 Jan. | Introduction | Ch1 |  |
| 29 Jan. | The Goods Market | Ch2, Ch3 |  |
| 5 Feb. | The Goods Market, Financial Markets | Ch3, Ch4 | HW1 |
| 12 Feb. | Financial Markets. The Subprime Crisis | Ch4 , Ch9 |  |
| 19 Feb. | The Subprime Crisis | Ch9 + Documentary | HW2 |
| 26 Feb. | The IS-LM model | Ch5 |  |
| 5 Mar. | The IS-LM model, Review Session | Ch5 | HW3 |
| **12 Mar.** | **Midterm** | All Material to Date |  |
| **19 Mar.** | **No Class Spring Break** | | |
| 26 Mar. | Hand back Midterms & Solutions, The Labor Market | Ch6 |  |
| 2 Apr. | The AS-AD Model | Ch7 |  |
| 9 Apr. | The AS- AD Model | Ch7 | HW4 |
| 16 Apr. | The Facts of Growth, Saving, Capital Accumulation and Output | Ch10, Ch11 |  |
| 23 Apr. | Saving, Capital Accumulation and Output, Technological Progress and Growth | Ch. 11 | HW5 |
| 30 Apr. | Openness in Goods and Financial Markets, The Goods Market in an Open Economy | Ch18, Ch19 | Term Paper Due |
| 7 May | Output, the Interest Rate and the Exchange Rate, Review Session | Ch20 | HW6 |
| **14 May** | **Final Exam 4-6pm** | **Cumulative: Emphasis on post midterm material.** |  |