

Economics 1B: Introduction to Macroeconomic Analysis

Fall 2002

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Purpose of the Course

The primary goal of this course is to train you to use economic rational to answer questions related to macroeconomics. For example we will examine how government spending can impact business cycles, the standard of living, national output, employment, prices, the budget, and trade deficits. The emphasis throughout will be on using economic logic to study the impact of changes in government policy. I will not require you to memorize lists of numbers.

Sections and Teaching Assistants

Each week, there will be several sections. In these sections the TA's will handout additional study questions that will not be available in lecture. These questions will be reviewed during the sections, and will help students in preparing for the midterms and the final. The questions will not be graded, however, I strongly urge students to attend sections. The sections begin the second full week of classes.

The TA's will hold office hours, at times and places to be announced later.

Textbook

Principles of Macroeconomics, Third Edition by Taylor (2001) (required)

Study Guide to accompany Macroeconomics, Third Edition (2001) (strongly recommended)

Exams and Grading

There will be two midterms and a cumulative final.

First Midterm	20%	Friday, Oct 18th
Second Midterm	30%	Monday, Nov 18th
Final	50%	Consult your calendar

There will be no make-up midterm exams. If you miss a midterm due to illness, you will be excused if, and only if, you obtain a note from your doctor. Exams missed due to athletic events in which you are a participant will be excused if, and only if, you obtain a note from your coach and you have cleared the event with the instructor prior to the missed test. In either case, the missed percentage from the midterm will be added to the final exam.

Mathematical Requirements

- (1) The ability to manipulate graphs and knowledge of slope and intercept. To refresh your knowledge of these topics review the appendix to Chapter 1.
- (2) Knowledge of basic algebra. You will need to be able to manipulate equations to solve systems of equations for the unknown variable(s).

If you feel unprepared for this level of math, please speak to me as soon as possible.

Readings

Background readings: Read Chapters 1, 2, and 3. These chapters cover topics that many of you have covered in your microeconomics courses. You will not be directly tested on this material, but the concepts discussed in these chapters will be used throughout the class.

Unless told otherwise, you should read all appendices, footnotes, and extension boxes. You should also review all of the discussion questions at the end of the chapters. I highly recommend that all students purchase the study guide and practice or review all of the multiple choice questions, exercises, and short problems.

Introduction

A Preview of Macroeconomics

Ch. 4

Measuring the Macroeconomy
The Spending Allocation Model
Unemployment and Employment
Productivity and Economic Growth
Money and Inflation

Ch. 5
Ch. 6
Ch. 7
Ch. 8
Ch. 9

Economic Fluctuations and Policy

The First Steps Toward Recession or Boom
Economic Fluctuations Model
Using the Fluctuations Model
Fiscal Policy
Monetary Policy
Financial Markets

Ch. 10
Ch. 11
Ch. 12
Ch. 13
Ch. 14
Ch. 15