

Professor Valerie Ramey
Spring 2005

Elements of Economics 3
Macroeconomics

What causes recessions? Why can one word from Alan Greenspan send shudders through the stock market? What makes inflation high or low? This course will present material that will help you answer these types of questions.

Prerequisites: Elements of Economics 1 and 2 and an enthusiasm for current macroeconomic issues.

Required reading: Robert H. Frank and Ben S. Bernanke, *Principles of Economics*, 2nd edition. Although the topics covered in class will follow the text, the lectures will contain material not in the text. Thus, regular class attendance is very important. You should also become well informed about the current state of the U.S. economy. The ideal way to stay informed is by daily reading of a good newspaper.

Homework: You are required to use the Aplia web site <http://econ.aplia.com> for homework. See information on the next page.

Exams and Grades:

- 20%: Homework (the lowest grade is dropped)
- 20%: Midterm 1 (Friday April 22)
- 20%: Midterm 2 (Friday May 20)
- 40%: Final (Friday June 10, 8:00 – 11:00 a.m.)

Office Hours: My office hours will be Monday and Wednesday, 10:10 – 11:10 in Economics 326.

Academic Honesty: You are required to turn in your own work, including homework, in this class. Students who are suspected of violating the student conduct code, by collaborating on homework assignments, copying from others' exams, or using unauthorized materials, will be reported to the dean or the Office of Student Conduct.

Missed Exams: I do not give make-up midterms. Unless unconscious in the emergency room or in a similar circumstance, students must contact me before the exam in order not to receive a zero. Only very special cases, such as a death in the family or severe illness, are sufficient reasons to miss an exam.

Aplia Website

Weekly homework assignments are found on the Aplia website. The Aplia site requires a separate registration process. Here are the steps:

1. Connect to <http://econ.aplia.com>
2. Complete the Configuration Test and make adjustments to your configuration if necessary
3. Return to the Sign In page and click "Register Here"
4. You will be prompted to enter your e-mail address and select a password
5. You will then be asked to enter your course key, which is: Q6Z9-LEPW-3E9C

You will only need to register once. After the registration process is complete, you will not need to enter the course key again. For technical problems or problems signing in, please send Aplia an e-mail by clicking on the "Help" link in the upper-right corner of any page or by e-mailing support@aplia.com.

Student benefits: By completing regular work in association with the lectures, you will better prepare yourself for the lectures and exams in the course. Cramming is not an effective method of learning. Think of the regular assignments on Aplia as a weekly Economics workout. Practicing and applying what you are learning from Aplia and lecture will better prepare you for class.

Aplia assignments: Many assignments come in pairs of practice and graded problem sets. The practice sets give you immediate feedback about whether your answer is right or wrong and an explanation of the correct answer. They are not counted as part of your homework grade. Use them to check your understanding of the material. If you are confident, you can go directly to the graded problem set, and refer back to the practice set only if you want some additional help.

The graded problem sets have a firm due date. You can change your answers as many times as you like before the due date has passed. Once the due date has passed, the grade will be recorded and it will not be possible to change your answers or complete the assignment at this point. In other words, Aplia assignments must be completed by the due date. The software does not care whether you have an excuse or not. Do them early to avoid any emergencies preventing your completion before the due date. After the due date, you will be able to see the correct answers and the explanations for graded problems.

The cost of Aplia is \$28 per student for this class for the semester. You may register and use the website until **April 17, 2005** without paying the fee. If you are considering dropping this course during the drop/add period, do not make a payment until you are sure. You will need to pay the full amount before the end of the grace period to continue using the site. You may pay online with a credit card or personal check, or you can mail a check or money order to the address provided on the Aplia site.

Course Outline
(Chapters refer to Frank and Bernanke)

Part 6: Macroeconomics: Issues and Data

Chapter 17: Macroeconomics: The Bird's-Eye View of the Economy

Chapter 18: Measuring Economic Activity: GDP and Unemployment

Chapter 19: Measuring the Price Level and Inflation

Part 7: The Economy in the Long-Run

Chapter 20: Economic Growth, Productivity and Living Standards

Chapter 21: Workers, Wages and Unemployment in the Modern Economy

Chapter 22: Saving and Capital Formation

Chapter 23: Money, Prices and the Federal Reserve

Chapter 24: Financial Markets and International Capital Flows

Part 8: The Economy in the Short-Run

Chapter 25: Short-Term Economic Fluctuations: An Introduction

Chapter 26: Spending and Output in the Short Run

Chapter 27: Stabilizing the Economy: The Role of the Fed

Chapter 28: Inflation and Aggregate Supply