

Economics IB

Introduction to Macroeconomic Analysis

Winter 2003

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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. You will not be required to memorize lists of numbers.

Sections and Teaching Assistants

Each week, there will be several sections. In these sections, Teaching Assistants 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 question will not be graded, however, I strongly urge students to attend sections. The sections will begin the second full week of classes.

The Teaching Assistants will hold office hours, at times and places to be announced later.

Textbook

Principles of Macroeconomics, Third Edition, by John 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%	Monday, January 27 th
Second Midterm	30%	Monday, February 24 th
Final	50%	Consult your calendar

There will not be any make-up 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 exam. 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 microeconomic course. You will not be directly tested on this material, but the concepts discussed in these chapters will be used throughout the class.

Unless you are 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

Long-Run Fundamentals of Macroeconomics

Measuring the Macroeconomy

Ch. 5

The Spending Allocation Model

Ch. 6

Unemployment and Employment

Ch. 7

Productivity and Economic Growth

Ch. 8

Money and Inflation

Ch. 9

Economic Fluctuations and Policy

The First Steps Toward Recession or Boom

Ch. 10

Economic Fluctuations Model

Ch. 11

Using the Fluctuations Model

Ch. 12

Fiscal Policy

Ch. 13

Monetary Policy

Ch. 14

Financial Markets

Ch. 15