

*Course Syllabus*  
**Geoffrey T Andron**  
**ECON 2301**  
**Principles of Macroeconomics**  
**Section 017 Syn. 46901**  
**TTh, 10:35-11:50 AM, A251**  
**Spring 2003**

1. *How to Reach the Instructor-*

**Always:** For every contact or communication, include the time and day of your course with me, for example 9MWF. With 125 students spread around 5 different lists, it's a miracle if I know which class you are in, even if I know your name!

**Mailing address:** 1212 Rio Grande, Austin, Texas 78701.

**Office Location:** Rio Grande Campus, Peach Tree Office Building (603 W 13th), Room 2-C. Go up the outside stairs and knock on the door.

**Office Hours\*:** MWF: 10:55-11:55; MW 8:55-9:55. Conferences outside of office hours can be arranged. Also, you can look for me after class. My classes end at following times and places: MWF at 10:50 and MW at 2:40 in A257; TTh at 11:50 and 4:05 in A251; TTh at 10:25 in 220.

(\* **On MWF I go first to hold office hours in the student lounge, then I go to my office. If I am not in my office during those office hours, look for me in the student lounge.**)

**Phone number:** 223-3387. Tell me the time and day of your class!

**Fax:** 223-3777, Attention: Geoffrey Andron, including time and day of your course.

**E-mail:** gandron@austincc.edu. (If you e-mail, put time and day of your course in the subject line. You won't get a response unless I know which class you are in.)

**Instructor web site:** <http://www2.austin.cc.tx.us/gandron/> .

Find information about the course, economics and your instructor here. However, the web-site is not the primary source of information for the course except as announced in class from time to time.

2. *Course Description-*

Principles of Macroeconomics deals with consumers as a whole, producers as a whole, the effects of government spending and taxation policies and the effects of the monetary policy carried out by the Federal Reserve Bank. Macroeconomics is concerned with unemployment, inflation, and the business cycle.

3. *Required Texts/Materials-*

**Required text:** Either: **Macroeconomics, 4th Ed.**, by David Colander, McGraw-Hill Irwin, 2001; or:

**Economics, 4th Ed.**, by David Colander, McGraw-Hill Irwin, 2001. If you intend to take both "macro" and "micro" economics from me, you can save money by purchasing the full edition covering both semesters, instead of the macro and micro subtexts separately.

**Required subscription to the Wall Street Journal:** You lose 10 Homework Points by not signing up by the end of the third week (ending Friday, Jan. 31.) No excuses are accepted for subscribing late, and no excuses are accepted for failing to follow this exact procedure so that a record of your subscription gets properly listed:

You will need the first three digits of the RGC campus zip code, 787, and my name, Geoffrey Andron. You may pay by credit card on line, by telephone, or have them bill you. You may use any Internet connected computer with Internet browser, including those in the ACC libraries and computer centers.

**Either:** Go to my web site at: <http://www2.austin.cc.tx.us/gandron/> , click the link to "Course Information" and then the link to subscribe to the Wall Street Journal and subscribe as required.

**Or:** Very carefully type the following web address into any browser:  
<http://subscribe.wsj.com/semester> and subscribe as required.

**Or:** If you have trouble using the Internet, you may telephone 1-800-975-8602 but be sure to mention my name and ACC, or you will not get credit for the assignment.

#### 4. *Instructional Methodology-*

Lecture, lecture/discussion, homework, a semester project, three examinations and a final examination. You will be asked questions in class. You may be asked to read or answer your homework questions out loud in class, and your answers critiqued out loud.

#### 5. *Course Rationale-*

This course is meant to give students insight into the dynamics of our national economy. The knowledge gained in the course will make students better informed citizens and allow them to follow the debates over national economic policy reported in the news media. This course is also a foundation course that will prepare students to be successful in upper division finance, marketing, business administration, economics, government, and social work courses.

#### 6. *Course Objectives/Student Outcomes-*

Students who complete this course will be able to understand:

- the meaning of unemployment and inflation data and how that data is collected and computed;
- the meaning and components of the National Income Accounts, especially GDP;
- the meaning of the business cycle and its phases;
- and to manipulate the basic Aggregate Supply, Aggregate Demand model of the macro economy;
- how fiscal policy operates, its tools, and its advantages and drawbacks;
- how a fractional reserve banking system works;
- how monetary policy operates, its tools, and its advantages and drawbacks.

#### 7. *Course Evaluation/Grading System-*

Your course grade depends on three elements. First, your basic grade is a calculated grade point average based on your performance on the three exams, the semester project and the final exam. Second, this calculated basic grade point average can then be boosted up to .1 point for attendance and, third, up to another .1 point for homework. For example, if your basic grade point average for the course was 3.33, a "B", and you received both full boosts, your adjusted grade point average would become 3.53, an "A". The rest of this section explains exactly how each of the three elements are calculated.

##### Calculation of the **Basic Grade Point Average:**

All work included in your *calculated* grade is graded for **mastery**, and each piece of work is first given a letter grade according to these standards: An "A" on a piece of work, or on the course, indicates you have **mastered** the course objective(s) as expressed in that work (for details see above, **Course Goals and Objectives.**); a "B" shows you have a **good solid grasp** but short of complete mastery; a "C" shows **acceptable basic understanding**; a "D" shows mostly acceptable understanding, but with some **important gaps in your knowledge**. Other instances receive the grade of "F". Please note however: I do not expect a beginner in economics to produce A answers on extremely challenging or tricky questions. Similarly, there are some questions which **every** student should answer correctly. I adjust those letter grades accordingly, leading for example to A's on some imperfect answers and F's on some "nearly" perfect answers.

Then each letter grade is assigned a grade point number according to the following correspondences: A+ = 4.3; A = 4; A- = 3.7; B+ = 3.3; B = 3; B- = 2.7; C+ = 2.3; C = 2; C- = 1.7; D+ = 1.3; D = 1; D- = .7; F+ = .3; F = 0.

In calculating the Basic Grade Point Average, first an average is computed by counting the project 15% and the three exams respectively 20%, 25% and 40%. (If the student has missed any of the three exams for any reason and a makeup has not been given, the final exam grade is used in its place for this calculation.)

Some students are not required to take the final exam and do not take it, and the above becomes their basic grade (possibly to be boosted for attendance and homework). However, if a student does take the final exam it counts for 85% if it is pulling your grade up and only 35% if it is pulling your grade

down. (The other percentages are reduced in proportion as needed for this calculation.)

Having calculated the Basic Grade Point Average as described above, the next steps are the attendance boost and the homework boost, and here is how each is calculated:

**Attendance boost:** The Attendance boost can be up to .1 of a grade point. Everyone starts out with 50 Attendance Points. Some people join us late during drop and add, but once your name is on my class list, you lose 15 Attendance Points each time you are absent, 5 each time you are late, and sometimes 5 if you leave class early. As long as you lose 40 points or less you are given the full .1 Attendance boost, 45 to 50 points earns half the boost and beyond that no boost.

**Homework boost:** Homework Points can boost your final grade up to .1 of a grade point. Everyone begins with 50 Homework Points. Your grade boost is in proportion to the percentage of those 50 points (your own higher total if I have given you extra homework) which you still have at the end of the semester. Each assignment has point values which are lost if the assignment is not ready if I ask for it when due, or if it does not show sincere effort. I do not require that homework be done well, only that it show evidence of your sincere effort, diligence and attention. Sometimes I will pick up some students' work and not others, using a random process. Also, if I discover you are not doing well in the course, or are not doing your homework, I may ask for more of your homework since I need you to study harder. If I pick up more than 50 points worth of your work I will start giving you extra homework points. Often I will not pick up any of the homework due and instead proceed with lecture.

Unless otherwise noted, a homework assignment is worth 5 Homework Points. However, the semester project costs 15 Homework Points if turned in late for any reason and 10 additional points during each day late, so protect yourself by turning it in early.

In summary, you can earn the full "homework boost" simply by doing the homework, showing a sincere effort on your regular tasks, and having your homework ready on time.

**Final calculation of your grade:** The boosts from attendance and homework are added to the Basic Grade Point Average to get the final adjusted grade point average. Your course grade then comes out of the following lists of correspondences: A+ = 3.96+; A = 3.76-3.95; A- = 3.51-3.75; B+ = 3.21-3.50; B = 2.81-3.20; B- = 2.51-2.80; C+ = 2.21-2.50; C = 1.81-2.20; C- = 1.51-1.80; D+ 1.21-1.50; D = .81-1.20; D- = .51-.80; F+ = .21-.50; F = .20 or less. For example, if your final adjusted grade point average was 3.37 you get a B+.

#### 8. Course Policies and Requirements-

**If you continue in this course and do not drop it, this signifies your acceptance of the terms of this syllabus. This syllabus describes how you will be graded in the course and what actions you must take to earn the grade. Your grade will be determined by the policies and procedures set down herein. No exceptions will be made. Therefore read it carefully and switch to some other course if you prefer a different system.**

**You must be on the Official Roll Sheet:** Unfortunately, college policy does not permit you to attend my class after the date of the official roll sheet, or receive a grade for the course, unless your name is on that official roll sheet. The official roll sheet will be available Feb. 3, 2003 and I will let you see it next class period. Each of you agrees to confirm that your name is on the official roll sheet, and each of you agrees to leave my class if your name is not on the official roll sheet. (I should mention that if there is a problem with your registration or financial arrangements, and your name falls off or does not appear on the official roll sheet, you will need to seek assistance elsewhere, because they tell me there is nothing I can do to help you. So do your registration and financial arrangements carefully. That way you will be sure you have a right to be on the official roll sheet.)

**Attend class, and sign the daily roll sheet:** There is a grade boost for attendance based on attending class, arriving on time and staying for the entire class, all of which is determined from your initials on the daily roll sheet. You must remember to sign the roll sheet each time before class begins or while the roll sheet is circulating, because the roll sheet is used to calculate your attendance grade boost. I pick up the roll sheet shortly after class begins. After that you will be marked either absent or late. Inform me right after class so you will be marked late rather than absent. **I give no attendance credit to students who forget to sign the roll sheet and later tell me they were present, so please don't come to me later in the semester trying to "correct the record"**. Also, much as I would like to do so, I don't give attendance

credit for so-called “excused absences”. Instead, I let you miss a full week of class without any attendance grade boost penalty. So please note that being absent or late due to bad luck has the same effect as being absent or late on purpose.

**Withdrawals:** The drop deadline is April 21, 2003. **Student, not instructor, is responsible to drop you from this course!** If you are unable to drop the class yourself, I may assist you at my option as a courtesy if you ask me in time, but you must send a note or e-mail explaining why you cannot do this yourself.

**Incompletes:** You may withdraw as permitted by the college, but I seldom give incompletes. When you take the course and accept the syllabus you agree to complete the work in timely fashion. Generally my incompletes require at least a C average on completed work, no more than two weeks of absences from lecture, and an unavoidable emergency which prevents you from taking the final exam. You must provide documentation which is verifiable. **Also: I don’t give incompletes, or permit students to take the final exam early, merely so my students can have a cheaper or more convenient flight home. So please verify that you can be present on last day of class when the final exam is given.**

**Scholastic dishonesty:** Acts prohibited by the college for which discipline may be administered include scholastic dishonesty, including but not limited to cheating on an exam or quiz, plagiarizing, and unauthorized collaboration with another in preparing outside work. Academic work submitted by students shall be the result of their thought, research or self-expression. Academic work is defined as, but not limited to tests, quizzes, whether taken electronically or on paper; projects, either individual or group; classroom presentations, and homework.

**I give an F for the entire course to students who provide false information (such as on an attendance sheet or an exam) and to students who permit their work to be copied.** Don’t sign the attendance sheet for an absent friend--you both get an F for the course.

Quietly let me know if you think someone is copying your answers during an exam, or both you and the other culprit may receive an F for the course.

I want you to help each other on homework, but this does not mean letting someone see your answers and copy them. This cheats everyone. Discuss how to do the problems, but write up your own answers! If copying occurs, I will hope to give both students an F for the course, so if you think someone has copied your work, LET ME KNOW IMMEDIATELY.

**Academic Freedom:** This instructor actively seeks student questions and opinions, and no opinion expressed by a student will negatively effect that student’s grade in this course. The goal of this course is mastery of tools and ways of thinking used by mainstream economists to analyze economic and social issues. The instructor has the role of ensuring that student questions, comments and expressed opinions further these goals. Also, students have the academic freedom to take other courses, or this course from a different instructor.

**Students with disabilities:** Each ACC campus offers support services for students with documented physical or psychological disabilities. Students with disabilities must request reasonable accommodations through the Office for Students with Disabilities on the campus where they expect to take the majority of their classes. Students are encouraged to do this three weeks before the start of the semester.

**Redemptive final exam:** If you take the final exam and your score is above your Basic Grade Point Average it will count for 85% of your grade, and only 35% if it is below, so you see that the final exam is “redemptive”--it can turn an “F” student into an “A” student.

**Homework:** I will pick up some but not all the homework you prepare. If I ask for yours on the due date you avoid a homework point penalty if it is ready. Time permitting I like to go over homework in class, reading answers to the class and correcting them out loud. This system gives instant feedback, shares comments on individual answers with the whole class, and helps students see how an economist would answer the questions. Incidentally, don’t expect your homework to be returned to you. I keep it until the end of the semester.

**Late homework:** Late homework should be turned in, but is not graded (except the semester project), and earns homework penalty points. No distinction is made between excused and unexcused absences.

**Join a Cover Group:** You will join with two or more students from this class to form a Cover Group. These students agree to cover for each other if anyone misses class. This means they agree to tell you what you missed (including assignments and announcements) and share copies of their lecture notes. **By the start of the third lecture you attend,** your Cover Group must turn in to me a paper with the name,

days and time of your class and every member's name, e-mail address and phone number. I will keep this, so make copies for yourselves! The penalty for not turning this in on time is 10 Homework Points, plus 5 per week late.

**Getting missed lectures:** You get missed lectures and homework assignments from a member of your cover group or other classmates, not from your professor. Each time I give a lecture several students are absent for various reasons. Often they ask me later, "what did you say in class?". It is completely impractical to give the lecture over and over to every student who misses it. You will find me very accessible and willing to help with anything you do not understand. But get what you missed from members of your Cover Group or your fellow students. Have them take excellent notes and/or tape the missed lectures and tell you what you missed. **You are responsible to know everything said in each missed lecture within twelve hours of your return to class if you are away, including all assignments and announcements.**

**Exams:** The first two exams are not cumulative, though the coverage may overlap. The third exam is cumulative and counts for 40% of your grade to that point. The final exam is cumulative also. The final exam is given on the last day of class and special provisions are not made for students to take it earlier or later.

**Missed regular exams.** If you fail to take one or more of the three regular exams, for any reason, your score on the comprehensive final exam will then used in place of the missed exam(s) unless at my option you are required to take a makeup exam, which at my option may be any kind of written or oral exam and may be longer than the regular exam.

**You are required to take the final exam if you:**

Lose more than 50 Attendance Points (equivalent to missing about 1½ weeks of class);

Are absent or more than 10 minutes late (or leave early) more than one class between the third exam and the last day of class.

Fail to take any regular exam, for any reason (even if I have given you a makeup exam).

Do not turn in the Graded Project--Article Collection and Economic Analysis by the due date, or earn a grade of less than C on it.

End up with zero Homework Points.

Otherwise you do not need to take the final. However, you may take it if you wish.

**Absence for final exam:** If you are required to take the final exam, unexcused absence results in an "F" on the final and also on any exam you failed to take. Do not ask to take it later because you have several exams that day, or wish to attend a wedding. Don't ask to take it early so you can have a cheaper airfare home. Only acts of God (such as severe illness) are acceptable excuses to miss the final exam. You must supply written, official, verifiable DOCUMENTATION, which I may keep and which contains information how to contact you. (False statements would constitute academic dishonesty.) To make up the exam, at my sole discretion I may do one or more of the following: give an incomplete; create and administer a substitute exam (which may be an oral exam); substitute the average score earned on your other exams; give you a written assignment; or make some other arrangement.

**Sign up for the Wall Street Journal:** This you must do, and there is a specific procedure to follow, a deadline and homework point penalties. See Pages 1-2 , Required Text/Materials for details.

**No "extra credit":** I am happy to suggest additional work, however your grade will be based entirely on the project, exams, final exam and grade boosts as described above.

**The semester project:** Beginning Monday, February 3 and for at least four weeks thereafter you will clip all articles and data out of the *Wall Street Journal* useful in predicting the future course of the U.S. Economy. You will put them in a spiral binder or notebook with the date of each article clearly shown and important information highlighted. You will analyze the information and type an essay predicting the course of the U.S. economy for the next six months to one year. The essay will focus on employment, unemployment, GDP, interest rates, inflation, investment spending, government spending, the government deficit, if necessary the international balance of trade and payments, and anything else of significance. It will be single-spaced and a maximum of 3 pages long, not counting any tables or diagrams. (I will not read beyond the third page!) You will put the essay into the binder or notebook and turn it all in our first class of Week 14. This project will be given a letter grade and counted for up to 15% of your course grade. If the Project is turned in late but before the beginning of your next

scheduled lecture, I will grade it but the grade will not be used to pull up your course grade, even if you do very well. Later than that the Project earns the grade of F, unless you can document the reason to the same standards as for missing the final exam.

#### 9. *How to succeed in this course-*

Budget a lot of time for this course. To excel, even the best students often need six hours per week for homework, reading, reflection and exam preparation. The rest of us need a bit more. Schedule regular time for this course.

Start the readings immediately, do all the assigned readings, and complete them on time, preferably before the topic comes up in lecture. Don't be overly concerned about difficult concepts you don't understand at first. We will hit that stuff in lecture. Focus on the interesting facts, the history, the vocabulary and the material relevant to the problems at the ends of the chapters. Plan on reading about 40 pages per week. Time passes quickly in the second half of the course, so read ahead in the early weeks. Then later you can use your time for reflection, homework and review.

Both text and lecture are crucial to your success. Because of time limitations and other factors, **some crucial material is covered only in the text**, and not in lecture. You will need this information to succeed in the course. Almost no one passes my course without owning his/her own book from the beginning. If you cannot afford the book, drop the course!

Both text and lecture are crucial to your success. **Attend all lectures**. Historically, 80% of the students who miss more than six of my lecture hours end up with "D"s or "F"s in my classes, even though I impose no penalty for missing class. And 80% who miss less than four earn a "C" or higher.

Create and maintain a complete and accurate set of lecture notes. Important material is covered only in lecture or very differently (we hope, better) in lecture. Without good notes, review of the lectures may be impossible. My "A" and "B" students tend to have at least three pages of notes for each lecture. Use a study group or your "Cover Group" to accomplish this.

Do all assigned homework problems. **I ask you to try ALL the questions at the ends of ALL the assigned chapters. Also, please attempt ALL other homework problems I may give you.** I do not ask you to write out all these answers. However, think about and work on each problem until you are sure you know how to solve it correctly. Talk to your fellow students. If you are unsure of a solution, ask. I do not pick up most of your homework, but still it is critical to your success.

Discuss your readings and homework with your classmates! Hop on the phone to a friend to discuss difficult concepts in the readings. **Create a study group**. Remember, you learn by helping and you learn by being helped, so everyone wins if you feel free to ask each other and help each other. I am willing to give high grades to everyone. It is smart, efficient common sense to work together.

The only bad question is the one unasked. Ask a friend. Discuss with members of your study group. And if you remain unsure, ask me. Do not let yourself remain lost.

Review all readings, lectures and assigned homework at least twice before each exam.

Focus on the third exam: The cumulative third exam is excellent practice for the cumulative final exam.

Approach all the exams with great vigor, but especially the third exam. And by the way, almost all students who significantly boost their course grade via the final are students who have taken the third exam.

I make myself more available than other professors. Look for me in the student lounge on MWF at 11, or in my office during office hours.

#### 10. *About your professor-*

Dr. Geoffrey Teetor Andron received his BA from Stanford University and his Ph.D. from The University of Chicago. He has taught at the graduate and undergraduate level for more than sixteen years and at Huston-Tillotson College from 1990 through 2001.

Before reentering academe in 1990, Dr. Andron spent more than a dozen years in professional investment management, including five years with a stock market and venture capital investment firm with \$20 million under management and five years as a stock market strategy consultant for the California firm, Andron Capital Management. He also spent one year as Chief Economist for the City of Austin Budget Office and almost three years as a consultant on the economics of environmental issues for the US

Environmental Protection Agency.

His research interests include international economics; economic development and finance; the theory of general equilibrium and public choice as related to economic efficiency and the distribution of income, economic efficiency and the proliferation of monopoly power; and the macroeconomics of large economic shocks which lead to deep depressions.

11. *Course Outline/Calendar-*

Dates, topics and assignments may be changed as announced in class, including exam coverage and dates. Homework assignments are given on a separate sheet. Unless otherwise noted, all readings are from the Colander 4th edition Macroeconomics text. If you purchased the “full text” (Macro plus Micro) the chapter numbering is different. **Full text** chapter numbers are given in parentheses ().

This syllabus assumes essentially the entire text will be assigned, except for Chapter 5 or other chapters if announced. Class time conforms fairly closely to the readings, though class time of necessity is devoted to the harder parts of each chapter, and students are asked to master the rest on their own.

Timing is given by Week. There are 16 weeks in the semester.

Date	Chapter	Comments
<p>Weeks 1-3 (Starts 1-13-03)</p>	<p>Chs. 1-3</p> <p>Ch. 1. Economics and Economic Reasoning</p> <p>Appendix A. Graphish: The Language of Graphs.</p> <p>Ch. 2. The Economic Organization of Society</p> <p>Ch. 3. The U.S. Economy in a Global Setting</p> <p>Topic: Differences in opportunity cost account for: specialization and the division of labor; comparative advantage and international trade.</p> <p>Ch. 4. Supply and Demand</p> <p><b>Application of supply and demand to international economics--the foreign exchange markets.</b></p>	<p>You will do most of the work on chapters 1-3 on your own.</p> <p>Introduction and key principles of microeconomics for macroeconomics.</p> <p>The Model of the Big Picture”--how and why are the components of a modern economy so complex and interrelated.</p> <p>Math and graph review on your own but expect to be tested on this.</p> <p>Chapter 2 you can handle on your own.</p> <p>This chapter introduces many features of a modern economy, including business, types of goods, roles and influence of other major sectors such as households and government, <b>but also students are requested to cover the following Ch. 3 topics on their own: The global setting for international trade, global corporations, international trade and world economic geography, the differences between international and domestic trade, our international competitors and trading partners, institutions which regulate, support or encourage international trade.</b></p> <p><b>This topic is covered primarily in lecture--be there!</b></p> <p>Basic concepts of supply/demand conceptualization, including basic procedures, terminology and variables which affect each.</p> <p><b>What are the factors and forces which determine exchange rates between the different currencies of the world?</b></p> <p><b>Do foreign exchange markets exist for international trade, or do they exist for specialization in international trade? You will learn what is meant by this distinction.</b></p>

	<p><u>Labor-Leisure Choice</u> (If you have the full text, you can read Ch. 8, otherwise this topic is lecture only.)</p>	<p>Key ideas from consumer choice including the Labor-Leisure Choice Model. Know the following terms from lecture: budget constraint, budget line, substitution effect, income effect, utility, marginal utility, indifference curve, wage line, labor-leisure choice.</p>
<p>Weeks 4-5</p>	<p>Ch. 6 (22) Economic Growth, Business Cycles, Unemployment, and Inflation</p> <p>Important Topic: <u>The Circular Flow Model</u></p> <p>Ch. 7 (23) National Income Accounting.</p>	<p>Introduction to macroeconomics, both long term growth and monetary and cyclical macroeconomics The history of fluctuations in output, prices and unemployment, with a preliminary look at causes.</p> <p>Introduction to the Circular Flow Model--a crucial set of ideas. Be there!</p> <p>How shall we measure things? --Measuring output, incomes and standards of living. --Measuring prices and inflation.</p>
<p>Week 6 (Starts 2-17-03)</p>	<p>Ch. 8 (24) Growth, Productivity, and the Wealth of Nations</p>	<p>What are the preconditions and conditions needed for growth in the health, welfare and incomes of nations. What are the determinants of rising living standards, production and economic well-being?</p> <p><b>To the extent possible we will include discussion of the foreign sector as a source of: shocks; information and misinformation; ideas (good and bad); modern factors of production, including workers; expertise; capital for investment; colonialism; markets for a country's products; intense competition; and threats or war.</b></p>
<p>Week 7 (Starts 2-24-03) Exam 1.</p>	<p>Exam 1 will occur on Tuesday Feb. 25 or Wednesday, Feb. 26 for all my classes.</p> <p>Ch. 9 (25) Aggregate Demand, Aggregate Supply, and Modern Macroeconomics</p>	<p>Exam 1 will cover Chs. 1-4, 6-8 plus all lectures and homework.</p> <p>Introduction to models of short run fluctuations--the Keynesian model, the monetarist model and the neoclassical model. Warning: the monetarist model and the neoclassical model come primarily from lecture. <b>Be there!</b></p>
<p>Weeks 8-10 (Starts 3-3-03)</p>	<p><u>Money, Banking, the Financial System and Monetarist Models.</u></p> <p>Ch. 13 (29) Money, Banking, and the Financial Sector</p> <p>Ch. 14 (30) Monetary Policy and the Debate about Macro Policy</p> <p>Ch. 15 (31) Inflation and Its Relationship to Unemployment and Growth</p>	<p><u>Three weeks on the following topics:</u></p> <p>--The equation of exchange and its application to the analysis of business cycles.</p> <p>--The US monetary system, money market, the financial and capital markets and determinants of quantity of money.</p> <p>--The dynamics of inflation, inflation expectations and business cycles and interest rates.</p> <p>--The mechanisms by which monetary policy may effect the business cycle.</p> <p>For your general education you may wish to know the following terms: interest, present value,</p>

		discounting, discount rate, financial asset, bond, yield, dividend, capital gain, human capital versus physical capital, principles of investment.
Week 11 (Starts 3-31-03) Exam 2.	Catch-up week  Exam 2 is probably the first class of Week 11  Ch. 10 (26) The Multiplier Model	Exam 2 covers Chs. 7, 9 and 13-15 (23-25 and 29-31), lectures and homework.  Use simple Keynesian models to analyze fiscal policy--impact of changes in government spending and taxes.
Week 12	Chs. 11 (27) Demand Management Policy Ch. 12 (28) Politics, Surpluses, Deficits, and Debt.	We discuss what government actually <u>does</u> .
Week 13	Catch-up week	
Weeks 14-15 (Starts 4-21-03) <u>Project Due</u>	Project due first class of Week 14  Ch. 16 (32) Open Economy Macro: Exchange Rate and Trade Policy  Ch. 17 (33) International Dimensions of Monetary and Fiscal Policies.	See Syllabus for details about the semester project. Counts up to 15%.  <b>The impact of foreign nations and the international economy on U.S. economic policy and business cycles--models to deal with these issues. Topics include:</b> <b>1. Balance of payments.</b> <b>2. Exchange rates and their determination.</b> <b>3. How fixed exchange rate systems work.</b> <b>4. How flexible exchange rate systems work.</b> <b>5. The foreign sector as a source of economic shocks, under fixed versus flexible exchange rate regimes.</b> <b>6. Advantages and disadvantages of fixed and flexible exchange rate systems.</b>  <b>1. Monetary policy under fixed and flexible exchange rate regimes--the effect of monetary policy on exchange rates and the trade balance.</b> <b>2. Should government try to manage the exchange rate, or the trade balance, or both, or neither?</b> <b>3. If exchange rates are flexible, what should government policy be--toward the trade balance and toward the business cycle?</b> <b>4. Can government pursue both internal balance and external balance when exchange rates are fixed?</b> <b>5. Do governments lose control of monetary policy if exchange rates are fixed?</b>
(Week 15 Starts 4-28-03) <u>Exam 3</u>	First day of Week 15	Exam 3 covers all chapters, lectures and homework to

<u>(Comprehensive)</u>		date.
Week 16	Ch. 18 (34) Tools, Rules, and Policy	<p>General review of what we have learned, <b>including a discussion of the impact of the foreign sector in this general review.</b></p> <p>Then, tying it all together, in light of everything we now know, what should government monetary and fiscal policy be? What will work?</p>
<u>Final Exam</u>	Final Exam is on the last scheduled day of class: May 9, 2003 for MWF classes, May 8 for TTh and May 7 for MW classes	<b>Comprehensive Final Exam covers entire course.</b>

### Partial List of Assignments for Macroeconomics

Please note: Additions, changes and deletions are given in class and not always entered here. Not all class assignments get on this list and some assignments are deleted by announcement in class. You and your study partners are responsible to know about changes.

**Readings:** Reading assignments are listed in the Calendar/Outline section of the Syllabus. Complete readings before the end of the week assigned and before they are taken up in lecture.

**Due Dates:** The start of the last class of the class week shown for the relevant chapter, unless stated otherwise.

**Homework Points:** Unless announced otherwise, each assignment penalty is 5 Homework Points, and if you fail to turn in a requested assignment on the due date, for any reason, you will be assigned the penalty.

**If I ask you to turn in an assignment:** You must put the assignment number on the front page of the assignment, also your name and the time your class meets (for example 1:25MW).

**Voluntary Bull Sessions.** Most Mondays, Wednesdays and Fridays I will look for any of my students in the student lounge around 11:00 AM to talk about economics or whatever, and answer questions informally.

**Repeating Assignments:** In each assigned chapter, always:

- 1) As you read, attempt to answer all **Margin Questions**, and then look at the answers given at the end of each chapter.
- 2) Study the **Chapter Summary**.
- 3) Be sure you understand all **Key Terms**.
- 4) Very important: look at **ALL Questions for Thought and Review**, and be sure you know how to answer them.
- 5) Go to the web and at least *begin* to answer all the **Web Questions**.

**Other assignments:** To be announced in class.