ECON1132.03 Macro Principles

Course Objectives

- understanding economic methodology and thinking -- analyzing social and business issues using models derived from basic principles and testing those models with rigorous, scientific empirical analysis.
- reviewing certain microeconomic tools and models, and certain mathematical methods including basic algebra and geometry integral to social science.
- developing macroeconomic science including concepts like unemployment, inflation (or deflation) and output (aka, GDP); monetary and fiscal policy; national debt and deficits; central banking; economic indicators; economic fluctuations; stabilization; economic growth; etc. Specific macro models and parables like the multiplier, AS/AD, national income accounting, nominal v. real, etc.
- understanding how concepts from macroeconomics relate to personal investing and asset management, and other decisions of economic optimization.
- learning how to read and analyze the financial press, especially how monetary and macroeconomic ideas are bandied about to explain movements of assets markets.
- recognizing the omnipresence of monetary and macroeconomics in financial markets and everyday life, including the role of central banks, interest rates and asset values.

Course Materials

Tyler Cowen and Alex Tabarrok, Modern Principles: Macroeconomics. 4th edition. Bring to class. Required. Also, register for LaunchPad, the textbook specific online tool accompanying the text. NB: LaunchPad is 3rd edition. Since the 4th edition text is so new, LaunchPad has not been updated yet but 3rd edition LaunchPad is sufficient. (Below in italics is how the publisher describes the book and online tool, the “Package Title.”)


Occasional outside sources on economics and related areas like financial markets. Usually WSJ articles available on the database Factiva and Tyler Cowen’s http://marginalrevolution.com/ Canvas. We will use Canvas including posting files including the Syllabus and other handouts, messaging, course calendar, announcements and perhaps online office hours.

Teaching Assistants and Sections

Students must enroll in a discussion section led by TAs. Sessions will meet weekly commencing Jan. TBA. TAs will review and discuss lectures, work on problem sets. More details on TAs later.
Course Theme

Generational economics. People in their 40s, 50s and 60s lived during an era of high rates of return to assets, relatively high GDP growth and a population pyramid favorable for a growing economy. Yet, we also increased debt, of all types, in the economy and have left large contingent liabilities like pensions. Since the recession of 2008 our economic society has changed in many basic macro facets (like debt levels including student debt, population/fertility rates, rates of return to assets, income distribution, real wage growth, etc.) Have we budgeted our national income fairly and optimally across generations?

Grading

Two midterms (25% each), a final (30%), problem sets (10%) and class participation from discussion sections (10%). Exams are closed book and no calculator or other electronic device are allowed.

General Policies and Miscellaneous Items

Attendance and class participation are important. There will be no specific numerical measure but class presence can move a grade up.

Accommodations can be arranged for special testing conditions, illness, etc. but the student must make appropriate arrangements on a timely basis. Tutoring is available at the Connors Family Learning Center. Take advantage of resources and do not fall behind.

Academic integrity is paramount. If you have any questions about academic integrity consult BC’s policy [http://www.bc.edu/offices/stserv/academic/integrity.html](http://www.bc.edu/offices/stserv/academic/integrity.html)

Student athletes with travel and practice schedules should contact me and we should be able to make suitable accommodations.

Working in groups is encouraged unless specifically instructed otherwise.

Check Canvas regularly. I will try to post material and assignments from Sunday through Thursday with infrequent communications on Friday or Saturday.

Contact me by email, then by phone.

If you have to miss an exam, let me know asap. Generally we will not arrange make-up exams and may (or may not) weigh your other exams more heavily if you miss one, although we will handle this on a case-by-case basis.

More on evaluation of student performance (i.e., grades) and how to do well in the class: The TAs will grade problem sets and evaluate participation in sections and will set about 10% of your grade, maybe more. Note, though, TAs are not tutors. Attend all classes. Certain exam questions will draw on material peculiar to classroom discussions, i.e., just reading the text and doing assignments will leave gaps in your knowledge. Do the assigned readings before class. Rewrite your notes after every class, noting the topics that were emphasized in class. Do not wait to come to my office hours until the day before the test. It will be crowded and you may not get your specific questions answered. There will be additional office hours before the exams. The tests will not be cumulative except to the extent that the semester material builds on itself.
Calendar and Assignments

Dates are subject to change. All readings and problems are in the text unless otherwise specified. Read the pages in each chapter exactly as specified. Skip appendices unless explicitly assigned. Be aware of certain dates listed below involving national economic news. The “Problems” listed below are suggested problems to work on in addition to Launchpad. These problems also are roughly like problems that would be on exams.

Jan. 17, 22
Introduction: Basic economic ideas and the state of our national economy. Chs. 1 and 2
Problems: #8 p. 23; #12 p. 24

Jan. 24, 29, 31
Microeconomic and math review. Chs. 3 and 4 (skip pp. 62-64), and Appendix A
Problems: #14 p. 45; #15 p. 46; #21 p. 47; #27 p. 48; ’s 12-16 pp. 66-67
Fed FOMC meeting Jan. 30-31 (also two more Fed FOMC meetings this semester on March 20-21 and May 1-2)
4Q 2017 GDP announced Fri. Jan. 26 at 8:30 A.M.

Feb. 5, 7, 12
Intro. to Macro. Chs. 6 and 7
Problems: #6 p. 119; #14 and #17 p. 120; #20 p. 121; #7 and #8 p. 142

Feb. 14 Wed First Midterm
Probably extra office hours on Tues Feb. 13.

Feb 19, 21, 26, 28
More macro and financial markets. Chs. 8 (skip pp. 159-172), 9 (skip pp. 197-206) and 10 (skip pp. 221-229)
Problems: #12 p. 173; #11 p. 207

March 12, 14, 19, 21 (Spring Break March 5-9)
Unemployment, Inflation and Business Fluctuations. Chs. 11, 12 and 13 (skip pp. 302-305)
Problems: #4, #11 and #12 on p. 256; #9 and #10 p. 278

March 26 Mon Second Midterm
Probably extra office hours on Fri March 23

March 28, April 4, 9, 11, 18 (No class April 2 or 16)
Monetary and Fiscal Policy. Chs. 15, 16 (skip pp. 358-365) and 17
Problems: #1, #2, #4 and #5 p. 345; #7 p. 346; #1, #2 and #3 p. 395; #6 and #9 p. 396; #11 p. 397

April 23, 25, 30, May 2
International Trade. Ch. 19 (Pp. TBD)
1Q 2018 GDP announced Fri. April 27 at 8:30 A.M.

May 4, 7 University study days

May 8 – 15 FINALS – (Friday May 11, 9 AM (check))