

Econ 102/Econ 502  
Intermediate Macroeconomic Theory  
Georgetown University  
FALL 2007

**Instructor:** Jinhui Bai, ICC 557, 202-687-0935, jb543@georgetown.edu.

**Teaching Assistant:** Alejandro Badel (ab377@georgetown.edu).

**Time and Location:** T, Th 8:50 - 10:05am (Econ-102-01), ICC 118.

**Instructor Office Hours:** Wednesday 1:30 - 3:30pm or by appointment, ICC 557.

**TA Office Hours:** Monday 6:00 - 7:30pm, location TBA.

**Prerequisites:** Micro Principle, Macro Principle and Univariate Calculus.

**Course Description:** The goal of the course is to develop a coherent theoretical framework for thinking about the determination of macroeconomic variables such as national output, unemployment, interest rate, inflation, government debt, money supply and demand. This theoretical framework is used to interpret macroeconomic data and to analyze macroeconomic policy. After completing the course, students should be able to think critically about macroeconomic problems. The course will NOT cover materials of international trade and international finance.

**Textbook and Author:** *Macroeconomics*, Sixth Edition, by N. Gregory Mankiw, Worth Publishers, 2007 (ISBN: 0-7167-6213-7). This book is available at Georgetown University Bookstore. I also put two copies on reserve in the Lauinger Library. The earlier editions are also acceptable. Additional resource related to the textbook can be found at the website: <http://www.worthpublishers.com/mankiw/>. It may also be interesting to visit the author's Blogger site at <http://gregmankiw.blogspot.com/>.

**Course Website:** Georgetown University Blackboard (<http://campus.georgetown.edu>) and log in with your university netid. I will post class announcement, lecture notes (slides), problem sets, answers to problem sets, and additional readings there.

**Additional Readings:** The course will follow the textbook closely. Because the lectures cover only the key points of each of the chapters, reading and studying the textbook in a timely fashion is an essential part of the course.

In addition to readings from the textbook, topical readings from such publications as *The Economist* ([www.economist.com](http://www.economist.com)), *The Wall Street Journal* ([www.wsj.com](http://www.wsj.com)), and *The New York Times* ([www.nytimes.com](http://www.nytimes.com)) will occasionally be posted to the course web site. In general, you will find the course material more interesting if you read articles in the popular press on economics and business and try to apply what you have learned to real-world events.

The following are kind of audible versions of newspapers mentioned above:

The Economist Audio Edition ([www.economist.com/audioedition/](http://www.economist.com/audioedition/))

NY Times Podcast ([www.nytimes.com/services/xml/rss/nyt/podcasts/frontpage.xml](http://www.nytimes.com/services/xml/rss/nyt/podcasts/frontpage.xml))

The WSJ Podcast ([feeds.wsjonline.com/wsj/podcast\\_wall\\_street\\_journal\\_whats\\_news](http://feeds.wsjonline.com/wsj/podcast_wall_street_journal_whats_news))

**Class Attendance:** You are not explicitly evaluated on attendance. The past history indicates that the regular class attendance is critical to success in the exams. However, I leave it up to you to make your optimal choice on the class attendance.

**Grading and Exams:** There will be weekly assignments, a midterm exam and a final. They will count toward the grade as follows.

Assignments (20%) Midterm (30%) Final (50%)

The Economics Department has the following Grading Guidelines for Econ 102:

A/A-	B+/C+	< C	Median
35%	50%	15%	B+

I will maintain some flexibility to these guidelines, but I will not deviate from them by much (10% in either direction).

There will be around 9 Problem sets for the course. The assignments are due in class before the lecture at the announced date. Homework assignments will be graded according to the following scale:  $\checkmark+$ ,  $\checkmark$ ,  $\checkmark-$ , 0. Late problem sets will receive a grade of **zero**. There is **NO** exception. To allow for the possibility of unexpected emergency, I will drop your two lowest homework scores in calculating your final grade. Group discussion in solving the homework assignments is encouraged, but each student is expected to write their own answers and in their own words.

The midterm exam will be on **Thursday, Oct. 11** in class. According to the current schedule of the registrar's office, the final exam will take place at 12:30-2:30pm on **Monday, Dec 17**. Please factor these dates into your plans for the semester.

Both exams will be closed-book and closed-notes. The final exam is cumulative. You will find that understanding the lecture and the homework is the key to succeeding in the exams.

There is **no** make-up exam for the midterm. If you are ill or if a serious accident in the family causes you to miss the midterm exam, then I will disregard that exam and put a weight of 80% on the final exam when I calculate your grade. In every case, you will need to document your reason for missing the exam: a note from your physician or a phone call or email from your Dean will be adequate documentation. Except in extreme emergency cases, this documentation must be provided before the date of the exam.

There is **no** make-up exam for the final. If for any valid reasons, you cannot take the final exam on the scheduled date, then you must take it **before** the scheduled date. Your "valid" reasons must be confirmed by your Dean through a phone call or email.

The following circumstances are not acceptable reasons to miss a midterm or take an early final exam: having a paper due on the exam date, having a second exam right after or before this exam, feeling that you could benefit from a little extra study time, oversleeping, not getting enough sleep, or having made plans to travel on the day of the exam.

**Academic dishonesty:** All suspected incidents of cheating on exams will be reported to the Honor Council. Students who are found in violation of the Honor Code receive a grade of "F" for the course, in addition to whatever sanctions are recommended by the Honor Council's Hearing Board.

# Course Outline

The schedule of lectures below is approximate, but the schedule of homework assignments and exams is exact. Homework assignments will be posted to the course web site by 5pm on the indicated dates. Graded homework assignments will be returned to students in the sections following the due dates. Answer keys to the homework assignments will be posted on the course web site shortly after the due dates.

## **Week 1**

Thu, Aug. 30: Lecture (Chapter 1: The Science of Macroeconomics)  
No Homework this week.

## **Week 2**

Tue, Sep. 04: Lecture (Chapter 2: The Data of Macroeconomics)  
Thu, Sep. 06: Lecture (Chapter 2 & 4-4: The Data of Macroeconomics)  
Homework #1 posted

## **Week 3**

Tue, Sep. 11: Lecture (Chapter 3: National Income)  
Homework #1 due (at the beginning of lecture)  
Thu, Sep. 13: Lecture (Chapter 3: National Income)  
Homework #2 posted

## **Week 4**

Tue, Sep. 18: Lecture (Chapter 4: Money and Inflation)  
Homework #2 due (at the beginning of lecture)  
Thu, Sep. 20: Lecture (Chapter 6: Unemployment)  
Homework #3 posted

## **Week 5**

Tue, Sep. 25: Lecture (Chapter 7: Economic Growth Theory)  
Homework #3 due (at the beginning of lecture)  
Thu, Sep. 27: Lecture (Chapter 7: Economic Growth Theory)  
Homework #4 posted

## **Week 6**

Tue, Oct. 02: Lecture (Chapter 8-1: Economic Growth Theory)  
Homework #4 due (at the beginning of lecture)  
Thu, Oct. 04: Lecture (Chapter 8-2 & 8-3: Economic Growth Empirics)  
No Homework this week.

## **Week 7**

Tue, Oct. 09: Catch-Up Lecture and Review for Midterm Exam  
Thu, Oct. 11: **Midterm Exam**  
No Homework this week.

**Week 8**

- Tue, Oct. 16: Lecture (Chapter 9: Introduction to Economic Fluctuations)  
Thu, Oct. 18: Lecture (Chapter 10: IS-LM/AD-AS Model)  
No Homework this week.

**Week 9**

- Tue, Oct. 23: Lecture (Chapter 10: IS-LM/AD-AS Model)  
Thu, Oct. 25: Lecture (Chapter 11: IS-LM/AD-AS Model)  
Homework #5 posted

**Week 10**

- Tue, Oct. 30: Lecture (Chapter 19-1: Real Business Cycle Theory)  
Homework #5 due (at the beginning of lecture)  
Thu, Nov. 01: Lecture (Chapter 13-1: Aggregate Supply)  
Homework #6 posted

**Week 11**

- Tue, Nov. 06: Lecture (Chapter 13-2: Phillips Curve)  
Homework #6 due (at the beginning of lecture)  
Thu, Nov. 08: Lecture (Chapter 16: Consumption)  
Homework #7 posted

**Week 12**

- Tue, Nov. 13: Lecture (Chapter 16: Consumption)  
Homework #7 due (at the beginning of lecture)  
Thu, Nov. 15: Lecture (Chapter 17-1: Investment)  
Homework #8 posted

**Week 13**

- Tue, Nov. 20: Lecture (Chapter 18-2: Money Demand)  
Homework #8 due (at the beginning of lecture)  
Thu, Nov. 22: **Thanksgiving Break.** No Lecture  
No Homework this week.

**Week 14**

- Tue, Nov. 27: Lecture (Chapter 18-1: Money Supply)  
Thu, Nov. 29: Lecture (Chapter 15: Government Debt)  
Homework #9 posted

**Week 15**

- Tue, Dec. 04: Lecture (Chapter 14: Stabilization Policy)  
Homework #9 due (at the beginning of lecture)  
Thu, Dec. 06: Catch-Up Lecture and Review for Final Exam  
No Homework this week.