

Econ 102/Econ 502
Intermediate Macroeconomic Theory
Georgetown University
FALL 2008

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

Teaching Assistant: Ezgi Ozturk (Econ-102-01, eoo@georgetown.edu), Natasha Che (Econ-102-02, xc22@georgetown.edu).

Time and Location: T, Th 8:50 - 10:05am (Econ-102-01), T, Th 10:15 - 11:30am (Econ-102-02), WAL 499.

Instructor Office Hours: Monday 3:30 - 5:00pm or by appointment, ICC 557.

TA Office Hours: Monday 5:00 - 6:30pm or by appointment, location TBD.

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 Andrew Abel, Ben Bernanke and Dean Croushore, Pearson-Addison-Wesley Publishers, 2008 (ISBN: 0-321-41554-X). This book is available at Georgetown University Bookstore. The earlier editions are also acceptable. Additional resource related to the textbook can be found at the website: <http://www.myeconlab.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), *The Wall Street Journal* (www.wsj.com), and *The New York Times* (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/)

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

The WSJ Podcast (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 10 Problem sets. 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 two lowest homework scores in calculating your final grade. Group discussion in solving the assignments is encouraged, but each student is expected to write their own answers in their own words.

The midterm exam will be on **Thursday, Oct. 09** in class. According to the current schedule of the registrar's office, the final exam will take place at the following time: **9:00-11:00am on Wednesday, Dec 17 for Econ-102-01** and **9:00-11:00am on Thursday, Dec 11 for Econ-102-02**. 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. 28: Lecture (Chapter 1: Introduction to Macroeconomics)
No Homework this week.

Week 2

Tue, Sep. 02: Lecture (Chapter 2: The Measurement of National Economy)
Thu, Sep. 04: Lecture (Chapter 2: The Measurement of National Economy)
Homework #1 posted

Week 3

Tue, Sep. 9: Lecture (Chapter 3: Productivity and Output)
Homework #1 due (at the beginning of lecture)
Thu, Sep. 11: Lecture (Chapter 4.3: Goods Market Equilibrium)
Homework #2 posted

Week 4

Tue, Sep. 16: Lecture (Chapter 4.1: Consumption and Saving)
Homework #2 due (at the beginning of lecture)
Thu, Sep. 18: Lecture (Chapter 4.1: Consumption and Saving)
Homework #3 posted

Week 5

Tue, Sep. 23: Lecture (Chapter 4.2: Investment)
Homework #3 due (at the beginning of lecture)
Thu, Sep. 25: Lecture (Chapter 3.5: Unemployment)
Homework #4 posted

Week 6

Tue, Sep. 30: Lecture (Chapter 7.1 & 7.5: Money and Inflation)
Homework #4 due (at the beginning of lecture)
Thu, Oct. 02: Lecture (Chapter 7.3: Money Demand)
Practice Exam and Answer Keys are posted

Week 7

Tue, Oct. 07: Catch-Up Lecture and Review for Midterm Exam
Thu, Oct. 09: **Midterm Exam**
No Homework this week.

Week 8

- Tue, Oct. 14: Lecture (Chapter 6: Economic Growth Theory)
Thu, Oct. 16: Lecture (Chapter 6: Economic Growth Theory)
Homework #5 posted

Week 9

- Tue, Oct. 21: Lecture (Chapter 6: Economic Growth Theory)
Homework #5 due (at the beginning of lecture)
Thu, Oct. 23: Lecture (Chapter 8: Introduction to Economic Fluctuations)
Homework #6 posted

Week 10

- Tue, Oct. 28: Lecture (Chapter 9: IS-LM/AD-AS Model)
Homework #6 due (at the beginning of lecture)
Thu, Oct. 30: Lecture (Chapter 9: IS-LM/AD-AS Model)
Homework #7 posted

Week 11

- Tue, Nov. 04: Lecture (Chapter 10: Classical Business Cycle Theory)
Homework #7 due (at the beginning of lecture)
Thu, Nov. 06: Lecture (Chapter 11: Keynesianism)
Homework #8 posted

Week 12

- Tue, Nov. 11: Lecture (Chapter 11: Keynesianism)
Homework #8 due (at the beginning of lecture)
Thu, Nov. 13: Lecture (Chapter 12: Unemployment and Inflation)
Homework #9 posted

Week 13

- Tue, Nov. 18: Lecture (Chapter 12: Unemployment and Inflation)
Homework #9 due (at the beginning of lecture)
Thu, Nov. 20: Lecture (Chapter 14: Monetary Policy)
Homework #10 posted

Week 14

- Tue, Nov. 25: Lecture (Chapter 15: Government Debt)
Homework #10 due (at the beginning of lecture)
Thu, Nov. 27: **Thanksgiving Break.** No Lecture
No Homework this week.

Week 15

- Tue, Dec. 02: Lecture (Stabilization Policy, Chapter 14.3 and others)
Practice Exam and Answer Keys are posted.
Thu, Dec. 04: Catch-Up Lecture and Review for Final Exam
No Homework this week.