

Econ 102: Principles of Macroeconomics
Fall 2009

Instructor: Lukasz Drozd

Course Website: <http://www.ssc.wisc.edu/~ldrozd/102.htm>

Office Hours (Instructor): Social Sci 7426, Th 10 AM - 2 PM

Office Hours (Teaching Assistants): Check course website (link above)

Time and Location

LEC 002: Ingraham B10, MW 01:20 PM - 02:10 PM

LEC 003: Psychology 105, MW 02:25 PM - 03:15 PM

Official Course Description

Macroeconomic measurement and models of aggregate demand and supply; fiscal and monetary policy for unemployment, inflation, and growth.

Prerequisites

Econ 101 or AAE 215.

Textbook

Robert E. Hall and Marc Lieberman, *“Macroeconomics: Principles and Applications”*, 4-th Edition, Thomson South-Western. It is available for purchase at the University Bookstore or online at <http://www.ichapters.com> (enter the code 032442146X into the Multi-ISBN Search Window and click ‘go’ button, ebook available).

Course Website

On the class website, I will regularly post reading assignments, partial lecture notes, solutions to homework assignments, announcements made in class, and practice questions for exams. **You are responsible to check the course website on a regular basis.**

Discussion Sections

You must be enrolled in one of the discussion sections, and attendance is highly recommended. Discussion sections will cover practice problems regarding the material from the lecture. **You are not allowed to switch discussion sections, unless your TA and the TA you transfer to both agree (ask any of the two TAs involved).** All transfers must be resolved within the first week of classes. No switching between the lecture sections I teach is possible.

Office Hours/Emails

If you have questions, talk to your TA first during her/his weekly office hours (check course website for info). You may also email your TA. If the problem can not be handled by your TA, please come and see me during my office hour. Consider my email to be the last resort.

Homework Assignments

Starting from the second week of classes, homework will be assigned on a weekly basis (except for the weeks when there is an exam scheduled or not enough material has been covered). **The homework assignments will be posted on the course website by 10am on Monday. If no assignment is posted by that time, you can assume there is no homework assignment for the following week.**

The homework assignments must be turned in to your TA on the following week, at the beginning of the meeting of the discussion section you are enrolled in. Late assignments will not be accepted under any circumstances. Each homework will be graded as check plus (excellent, counts as 100), check (satisfactory, counts as 90), check minus (inadequate, counts as 0). The TAs are responsible to grade your homework, but they are not responsible for correcting the mistakes. It is your responsibility to check the answer key later and find out what the correct answers were. The lowest homework grade will be dropped from your final score for the course. **You must pick up the homework within 2 discussion sections after the HW is returned by the TA. Any grading complaints must be filed no later than on the 4th discussion section following the one on which the TA had returned the HW. Remember that the only proof that your HW has actually been graded is the HW itself, so please pick up the HW and hold on to it.**

Exams

There will be **three midterm exams and a cumulative final exam.** Exam will be based exclusively on multiple choice questions graded electronically. **The lowest midterm score will be dropped** from your final score for the course. **Please come at least 5-10 min. early to the exam, don't forget to bring your ID, and a simple calculator (no fancy calculators allowed).** Midterms are not cumulative, but the material for each midterm may overlap. The material tested on each midterms will be listed online one week in advance.

Exam	Room	Date and Time
Midterm I	TBA	21 Oct 08 (class time)
Midterm II	TBA	18 Nov 08 (class time)
Midterm III	TBA	2 Dec 08 (class time)
Final (Cumulative)	TBA	?? Dec 08 (??)

The dates of the exams are listed above, and **under no circumstances there will be a make-up midterm**. Students with scheduling conflicts must resolve them at the beginning of the semester or drop the course. Under extenuating circumstances, that could not have been resolved at the beginning of the semester, you will be allowed to take the make-up final. However, in such case, you must notify me at least one week before the last day of classes, and document the reason why you need this arrangement. Only scheduling conflicts and hospitalization will be considered valid reasons.

Grading Policy

Suppose we have 8 homework assignments, and suppose each homework and each exam is graded on a 0-100 basis. Then, your final score for the course will be calculated as follows: *Final score for the course* = 20% x (average score for 7 best homework assignments) + 40% x (average score for 2 best midterms) + 40% x (score for the final exam). Based on the *final score for the course*, and the ranking of the final scores of all the students in the class, the letter grades will be assigned using the following scale:¹

You final score is among the highest	Your letter grade is
0%-15% in the class	A
15%-35% in the class	AB
35%-60% in the class	B
60%-75% in the class	BC
75%-90% in the class	C
90%-100% in the class	D/F

If there is a significant discrepancy between the average homework score across TAs, the score for the homework may be curved. After the semester ends, I will post a detailed

¹I reserve the right to lower these cutoffs, but I will raise them. It is a scale widely used at in Econ 101 & 102 courses.

grade cutoffs and describe all the adjustments you need to make to arrive at your final homework score. After you see the letter grade, it will allow you to calculate your score for the final exam (presuming you know midterm and homework score). **After the semester ends, we will not send any grading information by email. If you think a grading mistake has been made, contact our head TA by email to set an appointment. No complaints about the past midterm exams or HW will be accepted at that time.**

Grading Complaints

If you have a complaint about a grade, see your TA. If you still feel an error was made, type a letter describing the complaint, the grade you received, the grade you think you deserve, and hand in this complaint to your TA (or in case of the final head TA). Your homework/exam will be graded again by your TA entirely, and together with the homework passed to me for an approval. Note that the revised grade may well be lowered if other grading mistakes are detected in this process. After the semester ends, check the course website for info how disputes of the final grade are handled. Remember that you can not dispute midterm scores or HW after the semester ends. At that time, the TA will only show you your partial grades, the formula that lead to your letter grade, and discuss the final with you. Grading scale or policy is undisputable.

Students with McBurney VISA

Students with McBurney VISA are required to hand in a photocopy of their visa to me at least two weeks before the first midterm. No special accommodation will be provided otherwise.

Tentative Course Outline

We will cover the following topics and chapters. The list is tentative and subject to change:

1. What is Macroeconomics All About? Chapter 4.
2. Macroeconomic Measurement: Output, Unemployment, Price Level and Inflation. Chapters 5-6.
3. Present Value Calculations and Interest Rates. Lecture notes.
4. The Classical Model. Chapter 7, parts of chapter 8, lecture notes.
5. Applications of Classical Model. Selected parts of chapter 8, chapter 15, and lecture notes.

6. Money Supply and the Banking System. Chapter 11.
7. Money Demand and Money Market Equilibrium. Chapter 12 (first part)
8. The Classical Dichotomy of Money and Real Economy. Lecture notes.
9. Introduction to Economic Fluctuations and Business Cycle Theory. Chapter 9.
10. The Keynesian Model. Chapters 10, 12 (remaining part), and 13.
11. Exchange Rates and Macroeconomic Policy (if time allows).

Advice How to Succeed in the Class

Attend all lectures and discussion sections. Read the material before the lecture, and review lecture slides beforehand (it is actually a good idea to bring them to the class). Start working on the homework assignment at least a few days before it is due. On a weekly basis, visit the course website to review the answer key for the latest homework assignment returned to you, including the questions marked by check. Take notes whenever you study; link notes to particular slides to the lecture. Review and revise these notes before each exam. These notes will be invaluable at the end of the semester when a lot of material cumulates.

Additional Resources

- The Economic Student Association offers free tutoring for students. Learn more at <http://esa.rso.wisc.edu/>
- The Business Learning Center (2240 Grainger Hall) may have organized study sessions for Econ 102. Learn more at www.bus.wisc.edu/blc
- Carrie Stearns in 7238 SOC SCI has a list of econ graduate students who can be hired to tutor Econ 102. (NOTE: No current Econ 102 TA can accept money for tutoring.)

Academic Calendar

- <http://www.uwgb.edu/provost/calendars/acadcal08.asp>

Some Recommended Reading After the Course

I decided to include some fun reading that you might want to do after the course. I came up with the following 3 items:

- Alan Greenspan: “The Age of Turbulence: Adventures in a New World”. A great account of the economic history and economic policy in the United States through the lens of Alan Greenspan – one the most influential figures on the public economic scene for at least 20 years. It is probably the most closely related book to the material we studied, and you will have a lot of fun reading it. Highly recommended.
- Jared M. Diamond: “Guns, Germs, and Steel: The Fates of Human Societies”. This is famous book trying to answer the question why Europe and US are so much more developed than, for example, Africa. The main hypothesis is an interesting proposition about the foundations of our development. It is fun to read, and there is also a movie under the same title.
- Robert F. Bruner and Sean D. Carr: “The Panic of 1907: Lessons Learned from the Market’s Perfect Storm”. A beautiful analysis of the crisis in 1907. It is fascinating to see the mechanics of each crisis is somewhat very similar... and yet we are still unable to avoid them.
- Adam M. Brandenburger and Barry J. Nalebuff, “Co-Opetition”. This book is related to microeconomics rather than macroeconomics. However, this is probably the best popular economics book I have ever read, and so it should be on the top of your list regardless the topic. Definitely a must read if you think about going to the business school.
- Walter Adams and James Brock, “The Structure of American Industry”, Prentice Hall. In-depth survey of key contemporary American industries, with some history how they evolved. Again it is not that related to the course per se, but the big picture is. It is a bit heavy to read, and less fun, but there is a lot of useful information. If you are interested in public policy issues, this book is a must read.