Principles of Macroeconomics  
Econ 2020 Section 500  
Spring 2006 Syllabus

Instructor: Jason Pearcy  
Economics Building  
Room 12  
Phone: (303) 492-4784  
E-mail: pearcy@colorado.edu

Time & Location: T and Th 2:00-3:15 in HLMS 119

Course Page: http://www.colorado.edu/Economics/courses/pearcy/2020

Office Hours: Tuesday 10-12  
Thursday 3:30-4:30  
and by appointment

Required Texts:  

Course Description:  
Macroeconomics is the big picture of the economy. Macroeconomics studies the economy as a whole, whereas microeconomics is about how individuals and firms make decisions. Since the economy affects us all, possibly in different ways, its important for everyone to know about macroeconomics.

In the first part of the course, we’ll look at very basic parts of the macro economy: national income and its components. In the next part of the course, we’ll look at the role money plays in the economy. For these first two sections of the course, we’ll only deal with closed economies (no trade). The next part of the course deals with the macroeconomics of open economies. The last part of the course focuses on business cycles and government policies that influence the macro economy.

My goal is to make this course both challenging and intellectually stimulating. To help me achieve this goal and for you to get the most out of this course, there are certain things I expect for you to do throughout the semester. First off, you should read the book. I feel the book is a good introductory macroeconomics text, it supplements the material presented in lecture well and the book generally follows the course outline. Besides reading the book, you should work on problems. I’ll sometimes give you problems in lecture, you should go over problems in recitation, there are problems in the book, there are problems in the study guide (if you purchased it), and there are problems online. The more problems you do, the more you will understand the material, the better you will do in the class, and the more
you will get out of the class. I want everyone to do well in the class, but how well you do is up to you. You’ll have to work hard, read the book, do lots of problems, but if you are having issues with the material, myself and the recitation instructors are here to help. So, be sure to ask questions in recitation and come see us during office hours if you have additional questions about the material.

**Prerequisites:**
This is an introductory macroeconomics course. No previous knowledge of macroeconomics is assumed. However, students are expected to be familiar with introductory microeconomics, algebra (solve for $x$), geometry (find the area of a triangle) and know how to solve simultaneous equations both algebraically and graphically.

**Lectures:**
In lecture, new material will be presented. Occasionally you’ll be asked to work on practice problems that will be covered during that lecture or in the next lecture. I’ll also give you assignments to turn in during lecture for a grade.

All students are strongly encouraged to attend lecture regularly. Besides all the obvious reasons to attend lecture, some exam questions will not be covered in the text but only covered in lecture. In the off chance that you miss a lecture, you should try to get lecture notes from a fellow student, if they are willing to share. I don’t give students my notes as these are for teaching and are not likely to help.

**Recitation:**
Recitations start the second week of classes. What happens in recitation is up to your recitation instructor. Your recitation instructor will give you a recitation syllabus that will describe how recitation will work. Generally no new material is presented in recitation, and this is your time to ask any additional questions and review. Attending recitation is required and expected.

**Grading:**
Your course grade will be based on two midterms, your recitation/lecture grade and a comprehensive final. Exam dates are listed below. The breakdown of grades is as follows: 30% for Midterm 1, 30% for Midterm 2, 30% for Recitation/lecture and 40% for the Final. To make this add up to 100%, I’ll automatically drop the lowest of your Recitation/lecture, Midterm 1 or Midterm 2 scores when determining your grade. You will not be able to drop your Final Exam score.

There will be no extra credit opportunities available, but I will use a curve. If the median on the final or either of the midterms is below a 75%, I will add the same amount of raw points to everyone’s score until the median is 75%. If the median is above 75%, then either everyone really understands the material or I have written too easy of an exam. In either case, students should not be punished for this, so I will not curve scores downwards. There will be a separate curve for each of the midterms and the final. Your scores with the curve will be used in determining which score to drop.
The 30% recitation/lecture score has two parts. 65% of recitation/lecture score comes from recitation and 35% comes from the assignments I ask you to hand in during lecture. The recitation and lecture grade add up to 100% which is then only 30% of your final grade.

Your recitation score will be determined by your recitation instructor according to the recitation syllabus. The same curving scheme described above will generally be applied to your recitation score to determine your final course grade. However, I reserve the right to equate the recitation scores from different recitation instructors. This may involve curving your recitation score up or down. In any case, additional curving of recitation scores will be done for fairness so that no one is either unfairly hurt or helped by the grading of different recitation instructors.

Your lecture score will be determined by taking a simple average of all the assignments I ask for you to turn in during lecture. These assignments will vary in the amount of points they are worth and may or may not be group assignments. I'll let you know the specifics of each assignment as I give it to you.

Exams:

The two midterm exams will take place during regular class time in the regular class room on the dates listed below. The final will take place during finals week on the date, time, and place listed below. All exams will be graded by scantron, so be sure to remember a #2 pencil. You’ll probably also want to bring a calculator (Cell phone calculators are not permitted. They make lousy calculators that take up too much time to use.). The number of questions on each exam may vary, but the final will have more questions than the midterm. The format of all questions will be multiple choice and short answer. Exam questions will be based on material covered in the book and/or in lecture. A minority of the questions will test your memory and understanding of the definitions and concepts covered, and a majority of the questions will test your ability to synthesize the material and apply the concepts in a new context. I’ll talk more about each exam as the exam date approaches.

Make-ups for any exam are allowed only under compelling circumstances. Under such a compelling circumstance, you are always required to make prior arrangements before the exam, usually one week in advance. In the case that you miss a midterm exam that you cannot make-up, remember that the lowest midterm or recitation grade is dropped. So missing a midterm exam should be avoided, but it may or may not hurt you as long as you do well on the other midterm exam and in recitation. In the event that a make-up exam is warranted, I may choose to prorate your exam grade.
Important Dates:

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>Drop/Add Dates</td>
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<tr>
<td>Classes Start</td>
<td>Tues. Jan. 17</td>
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<tr>
<td>Recitations Start</td>
<td>Mon. Jan. 23</td>
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<tr>
<td>Midterm 1</td>
<td>Thurs. Feb. 16</td>
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<td>Midterm 2</td>
<td>Tues. Mar. 21</td>
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<td>Spring Break</td>
<td>Mon. Mar. 27 - Fri. Mar. 31</td>
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<td>Last Day of Class</td>
<td>Thurs. May 4</td>
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<td>Final</td>
<td>Sat. May 6 4:30-7:00 p.m. in HLMS 119</td>
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Additional Notes:

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services (DS) early in the semester so that your needs may be addressed. DS determines accommodations based on documented disabilities. Contact: 303-492-8671, Willard 322, [http://www.colorado.edu/disabilityservices](http://www.colorado.edu/disabilityservices).

Disability Services letters for students with disabilities indicate legally mandated reasonable accommodations. Other letters/requests you may receive from agencies such as the Wardenburg Student Health Center, or other health providers, such as physicians or counselors, are recommendations I may choose to follow to assist students but are not necessarily legal mandates.

Campus policy regarding religious observances requires that faculty make every effort to reasonably and fairly deal with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. In this class, accommodations will be made, but only with adequate advanced notification. Students can see full details at [http://www.colorado.edu/policies/fac_relig.html](http://www.colorado.edu/policies/fac_relig.html).

Students and faculty each have responsibility for maintaining an appropriate learning environment. Students who fail to adhere to behavioral standards may be subject to discipline. Faculty have the professional responsibility to treat students with understanding, dignity and respect, to guide classroom discussion and to set reasonable limits on the manner in which students express opinions. See polices at [http://www.colorado.edu/policies/classbehavior.html](http://www.colorado.edu/policies/classbehavior.html) and at [http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code](http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code).

All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council (honor@colorado.edu; 303-725-2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at [http://](http://)
www.colorado.edu/policies/honor.html and at http://www.colorado.edu/academics/honorcode/.

The University of Colorado Policy on Sexual Harassment applies to all students, staff and faculty. Sexual harassment is unwelcome sexual attention. It can involve intimidation, threats, coercion, or promises or create an environment that is hostile or offensive. Harassment may occur between members of the same or opposite gender and between any combination of members in the campus community: students, faculty, staff, and administrators. Harassment can occur anywhere on campus, including the classroom, the workplace, or a residence hall. Any student, staff or faculty member who believes s/he has been sexually harassed should contact the Office of Sexual Harassment (OSH) at 303-492-2127 or the Office of Judicial Affairs at 303-492-5550. Information about the OSH and the campus resources available to assist individuals who believe they have been sexually harassed can be obtained at: http://www.colorado.edu/sexualharassment/.

Be aware of the Drop/Add deadlines (http://registrar.colorado.edu/). I’ll only add students to the course after the wait list deadline.

If you have three or more final exams scheduled on the same day, you are entitled to arrange an alternative exam time for the last exam or exams scheduled on that day. To qualify for rescheduling final exam times, you must provide evidence that you have three or more exams on the same day, and arrangements must be made with your instructor no later than the end of the sixth week of the semester. For the complete final examination policy, see the University of Colorado at Boulder Catalog (http://www.colorado.edu/catalog).
## Tentative Course Outline:

| Week  | **Introduction:** | **Thinking Like an Economist:** | **Supply and Demand:** | **Week 2** | **National Income:** | **Week 3** | **Price Indexes:** | **Week 4** | **Production and Growth:** | **Financial Systems:** | **Week 5** | **Midterm 1:** | **Week 6** | **Unemployment:** | **Week 7** | **Monetary System:** | **Week 8** | **Inflation and Money Growth:** | **Week 9** | **National Accounting:** | **Week 10** | **Midterm 2:** |
|--------|---------------------|---------------------------------|------------------------|------------|----------------------|------------|---------------------|------------|--------------------------|----------------------|------------|---------------------|------------|---------------------|------------|---------------------|------------|-------------------------|------------|---------------------|
| 1      | 10 Principles, Scarcity, Tradeoffs | Economics as a science, Use of models, Circular-flow, Production possibilities, Positive versus normative | Demand versus quantity demanded, Supply versus quantity supplied, Market equilibrium |          |          |            |          |          |            |                      |                      |            | Thursday Feb. 16 |          | Measures of Unemployment, Efficient Wages |          |                      |            |                      |          |                      |
| 3      |          |                          |                          |          |          |            |          |          |                          |                      |                      |                      |          |                      |            |                      |          |                      |            |                      |          |                      |
| 4      |          |                          |                          |          |          |            |          |          |                          |                      |                      |                      |          |                      |            |                      |          |                      |            |                      |          |                      |
| 5      |          |                          |                          |          |          |            |          |          |                          |                      |                      |                      |          | Chapters 1-8            |            |                      |          |                      |            |                      |          |                      |
| 6      |          |                          |                          |          |          |            |          |          |                          |                      |                      |                      |          |                      |            |                      |          |                      |            |                      |          |                      |
| 7      |          |                          |                          |          |          |            |          |          |                          |                      |                      |                      |          |                      |            |                      |          |                      |            |                      |          |                      |
| 8      |          |                          |                          |          |          |            |          |          |                          |                      |                      |                      |          |                      |            |                      |          |                      |            |                      |          |                      |
| 9      |          |                          |                          |          |          |            |          |          |                          |                      |                      |                      |          |                      |            |                      |          |                      |            |                      |          |                      |
| 10     |          |                          |                          |          |          |            |          |          |                          |                      |                      |                      |          | Chapters 10-13          |            |                      |          |                      |            |                      |          |                      |

Chapters 1, 2 & 4

Chapter 5

Chapter 6

Chapters 7 & 8

Chapter 10

Chapter 11

Chapter 12

Chapter 13

Chapters 10-13
Week 11  **Open Macro Theory:** Loanable Funds Market, Currency Exchange Market, Open Economy Equilibrium, Government Policies  
Chapter 14

Week 12  **Business Cycles:** Short Run Business Cycles, Aggregate Demand, Aggregate Supply  
Chapter 15

Week 13  **Monetary and Fiscal Policy:** Monetary Policy Effects on Aggregate Demand, Fiscal Policy Effects on Aggregate Demand  
Chapter 16

Week 14  **Principle #10 Explained:** The Phillips Curve, Inflation Costs  
Chapter 17

Week 15  **Leftovers and Review:** If you want me to cover another topic, this would be the time.  
**Final Exam** - Sat. May 6 4:30-7:00 p.m. in HLMS 119  
Chapter 17

Chapters 1-17

Last Updated January 12, 2006