

ECON 2020-200

Summer 2011

Principles of Macroeconomics 2020-200, MTWRF 9:15 – 10:50am, HLMS 230
Instructor: Yiqing Xie

Administrative Details

Text: Paul Krugman and Robin Wells, “Macroeconomics”, 2nd Edition, Worth Publishers, 2009.

Office: Economics 414

Hours: TR 11:00am – 12:30pm or by appointment

Phone: (303) 492-7709 but the *strongly preferred* method of contact is:

e-mail: Yiqing.Xie@colorado.edu

Content:

Macroeconomics is the study of the economy as a whole. It examines the aggregate behavior of the economy. This is different from microeconomics, which is the study of the economic behavior of individual consumers, firms, and industries. We will study how economists model the relationships between aggregate economic variables and examine how various fiscal and monetary policies can affect the results. The main goal of this class will be to improve your economic literacy and ability to apply economic models to analyze world events.

The course is divided into four parts. We begin with an introduction to Macroeconomics. In part 2, we look at long run economic growth and the financial system. In part 3, we turn our attention to short run economic fluctuations. In part 4, we show how stabilization policy including fiscal policy and monetary policy work in the economy for both short run and long run.

Prerequisites:

ECON 2010 (Principles of Microeconomics) is required for all students in this class. Students should be familiar with the economic concepts of supply, demand, and elasticity. High school level algebra knowledge is assumed and students should be comfortable using graphs, tables, and equations.

Grading Policy:

I have an unusual and complicated (but extremely fair!) grading system. There will be two midterms and a comprehensive (cumulative) final. On each exam enough points are added to everyone's bring the mean score up to 75. NOTE: it is *points* that are added not questions. So, for example, if the median for a particular exam is 68, 7 points will be added to each person's exam. Hence, doing well on a difficult exam, say getting a 96 when the median was 68 enables you to get over 100 points, in this example receiving a 103. Should the mean for an exam be above 75, I do **not** subtract (such an outcome indicates either that you are part of an unusually smart or studious class or--more likely?--that I made the test too easy, hence it is my problem). After these adjustment points are added, I will calculate your course test grades as the largest number arising from the following alternative calculated scores:

"Score 1": $.20(\text{1st Mid Grade}) + .20(\text{2nd Mid Grade}) + .30(\text{Final Exam Grade})$
 $+ .20(\text{Recitation}) + .10(\text{In-class Participation})$

"Score 2": $.20(\text{2nd Mid Grade}) + .50(\text{Final Exam Grade}) + .20(\text{Recitation})$
 $+ .10(\text{In- class Participation})$

"Score 3": $.20(\text{1st Mid Grade}) + .50(\text{Final Exam Grade}) + .20(\text{Recitation})$
 $+ .10(\text{In-class Participation})$

Hence if you "mess up" (or miss) either of the midterm exams (but not both), that test will automatically be dropped, and the comprehensive final is weighted more heavily in this case. **There will be no early exams or make-up exams**, since they are difficult to make comparable and this system does not penalize you for missing one exam in any event.

The final exam date is: Aug 5 9:15 – 10:50 am (Friday). The exams are in our usual classroom. There are **no make-ups!** Do not make plans (airline tickets, etc.) that involve leaving early.

The University of Colorado does not allow me to award even the best of you with an "A+," hence there is (unfortunately) little incentive to really learn the material of any course, in particular this one. To overcome this difficulty – since I believe in creating an incentive to excel – I let anyone with an adjusted 96 or higher average on the two midterms out of the final! [Note: even if you

personally do not get out of the final, you should cheer for those that do, since the mean will be lower on the final, causing more points to get added to everyone's score on this important test!]. I do require that those getting out of the final continue coming to class for the remainder of the semester. NOTE: the first midterm is nearly half-way through the course and second midterm comes very late in the course; this is to be sure that those getting out of the final are tested over most of the material.

I view attendance and participation at my lectures and the recitation as highly desirable, so the recitation part is 20% of your final grade which ***cannot*** be dropped. I do want you to emphasize on recitations because they are very helpful for your midterms and final especially for this intense summer semester. During the semester, there will be 10 in-class activities, among which, 5 will be counted as in-class participation (10% of your final grade), and the other 5 will be the attendance. Among these 5 attendances, if you do not miss a single class, your grade will be bumped up when it is on the margin. If you only miss one lecture, there will be no change to your grade. If you miss two lectures, your grade will be moved down when it is on the margin. That is, you can have an 89 (normally a B+) and get either an A-, a B, or stay at a B+; similarly, you could have a 91 (normally an A-) and get either an A, a B+, or stay at an A-. If you miss three lectures among these five, your grade will be moved down by one level no matter you are on the margin or not. That is, you get a B and you miss three lectures, you will end up with a B-. If you miss four lectures, your grade will be moved down by two levels, say from B to C. And so on...

Final Grades:

100 - 93%A	77.99 - 73.00% C
92.99 - 90.00% A-	72.99 - 70.00% C-
89.99 - 88.00% B+	69.99 - 68.00% D+
87.99 - 83.00% B	67.99 - 63.00% D
82.99 - 80.00% B-	62.99 - 60.00% D-
79.99 - 78.00% C+	59.99 - 0.00% F

A tentative guide to topics we will cover:

Date	Content
5-Jul	Ch. 2 Economic Models: Trade-offs and Trade
6-Jul	Ch. 6 Macroeconomics: The Big Picture
7-Jul	Ch. 7 Tracking Macroeconomics
8-Jul	Ch. 7 Tracking Macroeconomics
11-Jul	Ch. 8 Unemployment and Inflation
12-Jul	Ch. 8 Unemployment and Inflation
13-Jul	Ch. 9 Long-Run Economic Growth
14-Jul	Ch. 9 Long-Run Economic Growth
15-Jul	Ch. 10 Savings, Investment Spending and the Financial System
18-Jul	Ch. 10 Savings, Investment Spending and the Financial System
19-Jul	Midterm 1
20-Jul	Ch. 11 Income and Expenditure
21-Jul	Ch. 11 Income and Expenditure
22-Jul	Ch. 12 Aggregate Demand and Aggregate Supply
25-Jul	Ch. 12 Aggregate Demand and Aggregate Supply
26-Jul	Ch. 13 Fiscal Policy
27-Jul	Ch. 13 Fiscal Policy
28-Jul	Ch. 14 Money, Banking, and the Federal Reserve
29-Jul	Ch. 14 Money, Banking, and the Federal Reserve
1-Aug	Ch. 15 Monetary Policy
2-Aug	Ch. 15 Monetary Policy
3-Aug	Midterm 2
4-Aug	Ch. 16 Inflation, Disinflation, and Deflation
5-Aug	Final Exam (9:15 – 10:50am)

University Policies

Students with Disabilities

If you qualify for accommodations because of a disability, please submit to me a letter from

Disability Services **by September 11th** so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. University policies regarding disabilities are available at www.colorado.edu/disabilityservices. Disability Services can be contacted by telephone at (303) 492 8671 or in person at Willard 322.

Religious Observances

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. If you have a conflict due to a religious obligation, please see me **at least one full week in advance** so that alternate arrangements can be made. Policies regarding religious practice are available at www.colorado.edu/policies/fac_relig.html.

Classroom Behavior

Students and faculty each have responsibility for maintaining an appropriate learning environment. Students who fail to adhere to such behavioral standards may be subject to discipline. Faculty have the professional responsibility to treat all students with understanding, dignity and respect, to guide classroom discussion and to set reasonable limits on the manner in which they and their students express opinions. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender variance, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. Policies regarding classroom behavior are available at <http://www.colorado.edu/policies/classbehavior.html> and at http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code.

Discrimination and Harassment

The University of Colorado Policy on Sexual Harassment and the University of Colorado Policy on Amorous Relationships applies to all students, staff, and faculty. Any student, staff or faculty member who believes s/he has been the subject of discrimination or harassment based upon race, color, national origin, sex, age, disability, religion, sexual orientation, or veteran status should contact the Office of Discrimination and Harassment (ODH) at (303) 492 2127 or the Office of Judicial Affairs at (303) 492 5550. Information about the ODH and the campus resources available to assist individuals regarding discrimination or harassment can be obtained at <http://www.colorado.edu/odh>.

Academic Misconduct

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 www.colorado.edu/policies/honor.html and at www.colorado.edu/academics/honorcode.