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Economics 104B, Sections 1&2
Introduction to Political Economy: Macroeconomics
Section 1: MWF 10:00-11:00, Louderman 458
Section 2: MWF 1:00-2:00, Rebstock 215
Class Website: <http://economics.wustl.edu/~morley/econ104B.html>

Syllabus

Course Description

This course introduces the main issues, concepts, and theories of macroeconomics. Topics include long-run economic growth, inflation, unemployment, business cycles, fiscal policy, monetary policy, and international finance.

Objectives

In presenting the objectives of this course, it is necessary to reveal what this course is not. It is not simply a “first-pass” at intermediate macroeconomics or graduate macroeconomics. If those advanced courses represent stages of a relationship with economics that are more akin to “going-steady” and “marriage”, this course represents the initial “romance” stage. While there is still some work involved in romance, it is mostly about discovery of something new, rather than the mastery of something old. Thus, we will survey all of the major topics of macroeconomics, rather than focus on one or two topics in greater detail. With each topic, we will concentrate on the basic underlying issues that motivate ongoing research and policy initiatives, rather than the technical debates that research inevitably leads to. We will also relate each topic back to the same basic macroeconomic model (the Aggregate Supply and Aggregate Demand Model), making the linkages between topics clearer, as well as providing a sense of how economists think about issues more generally. The course is meant to be self-contained, so if you choose not to pursue a more permanent relationship with economics, there are no hard feelings.

Economics is not for everyone. It puts a higher weight on objective reasoning and empirical evidence than on passionate advocacy. It is very abstract. It oversimplifies the world, sometimes to great effect, other times with tragic results. In this course, you will find out whether or not economics is for you. Meanwhile, even if you choose not to pursue a further relationship with economics, this course will leave you with greater knowledge about how the world works. In particular, you will know more about the sources of macroeconomic phenomena such as inflation and recessions. The course will provide you with a better sense of the possibilities for and limitations of policy to address these phenomena. In the end, you will be a more informed voter, business person, political activist, and citizen. Above all, you will be a skeptic when charlatans speak and a know-it-all at dinner parties and other social functions. Macroeconomics is powerful stuff. As the great macroeconomist John Maynard Keynes once wrote:

“...[T]he ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back...”

Requirements

This course represents one half of the introductory economics sequence. The other half (Economics 103B) covers microeconomics. (There is no “best” order in which to take these two courses.) While there are no formal prerequisites for this course, you should be comfortable with basic algebra, functional relationships, and graphs. If you are concerned about your mathematical skills, please contact me as soon as possible.

Readings

The textbook for the course is Macroeconomics, Seventh Edition, by Michael Parkin, Pearson Addison-Wesley, 2005. In my view, this is the best introductory macro textbook available. It provides a self-contained and cohesive overview of modern macroeconomics. While other textbooks have decent coverage of certain topics, none is as consistently strong or as successful at linking together the disparate topics that make up macroeconomics. The presentation of graphs (the key tool of basic economic analysis) and the online study guide represent the best of modern pedagogy, while the content of the text remains much more rigorous and intellectual than most other introductory textbooks.

The textbook comes with access to MyEconLab, a companion website for the book with access to practice tests, a study guide, and a tutor center. The version of the book in the Campus Bookstore also comes with three-month access to the premium content on the Economist.com website. (Do not throw away materials that come with the textbook. They are necessary for gaining access to MyEconLab and the Economist.com website.) If you have purchased a used version of the textbook, it is possible to purchase access to these websites. I will assume that you have access to MyEconLab and the Economist.com website for the purposes of homework assignments.

Grading

Your grade will be based on six required homework assignments, two midterms, and a final exam. There will also be a few optional bonus homework assignments. The weights are given as follows:

Required Homework	20%
Midterms	40%
Final	40%
Optional Homework	5%

The anticipated grade conversion is given as follows:

91-100%	A+
86-90%	A
80-85%	A-
77-79%	B+
73-76%	B
70-72%	B-
67-69%	C+
63-66%	C
60-62%	C-
57-59%	D+
53-56%	D
50-52%	D-
0-49%	F

Note that if you are taking the course PASS/FAIL or CREDIT/NO CREDIT, you must obtain a C- or higher to receive a pass or a credit.

The homework assignments will involve questions from the textbook and essay questions about current macroeconomic issues. I encourage students to study together and to discuss homework assignments. However, you must write up your own answers in your own words. Evidence of copying on written work will be treated as a serious breach of academic integrity. In the past, I have successfully taken cases before the academic integrity tribunal and will not hesitate to do so again. Also, note that late assignments will be penalized 20% of the total grade for each 24 hour period (or portion thereof) from the beginning of the class in which the assignment was due.

The midterm exams will be in class. The first midterm will be on Monday, February 21. The second midterm will be on Monday, March 28. There are two sections of this course. For Section 1, the final exam will be on Monday, May 9 from 10:30am -12:30pm. For Section 2, the final exam will be on Wednesday, May 11 from 1:00pm-3:00pm.

To be fair to all of the students in the class, I must insist on following exam policies. There will be no make-up exams. Special exam times will be arranged only for a student with substantive and unavoidable reasons for missing the regular time. Anyone who must miss an exam should notify me as soon as possible, but at least one week before the scheduled exam. The only exceptions to this rule will be a verified, serious illness or serious family emergency. Even in this case, student should make sure to notify me of the illness prior to the exam. At the very least, send me an email or leave a message at 935-4437.

I know that students face many academic pressures throughout the semester, and I am sympathetic to problems these pressures can cause. I cannot, however, postpone exams because of deadlines or exam dates in other courses. Such actions would not be fair to other students in the class who likely also face pressure work in other classes but take the exams at the scheduled time anyway.

Homework assignments and exams are graded very carefully and I rarely change the original grades. If you believe a grading mistake has been made on an assignment or exam, you may submit a re-grade request to me within one week of the time the assignment or exam has been returned to the class. The request must be in writing. It should carefully explain the reason you believe a grading error has been made. I will consider your request and re-grade the entire assignment or exam. Your score may go up or down.

While the class is too large for me to take attendance or have a grade for in-class participation, you should try to attend every class and participate in class discussions. In the past, I have found that students who miss class (measured by propensity to pick up assignments and exams when they are first returned) score an average of two letter grades lower than students who do attend class. There may be what economists refer to as "selection issues" with this measure of the effects of attending class, but the disparity in grades is striking.

Course Calendar

<u>Dates</u>	<u>Chapters</u>	<u>Topics</u>
January 19 – January 28	Chapters 1-3	What is Economics? The Economic Problem Demand and Supply
January 31 – February 18	Chapters 4-7	A First Look at Macroeconomics Measuring GDP and Economic Growth Monitoring Cycles, Jobs, and the Price Level Aggregate Supply and Aggregate Demand
February 21		Midterm #1
February 23 – March 4	Chapters 8-9	The Economy at Full Employment Economic Growth
March 7 – March 11		March Break
March 14 – March 25	Chapters 10-12	Money, Banks, and the Federal Reserve Money, Interest, Real GDP, and the Price Level Inflation
March 28		Midterm #2
March 30 – April 15	Chapters 13-16	Expenditure Multipliers The Business Cycle Fiscal Policy Monetary Policy
April 18 – April 29	Chapters 17-18	Trading with the World International Finance
May 9		Final Exam for Section 1
<u>May 11</u>		<u>Final Exam for Section 2</u>