Econ 320-1
Intermediate Macroeconomics

Fall 2015
Prof. Kangoh Lee

1. **Text:** Olivier Blanchard, *Macroeconomics*, 5th ed. The textbook is placed on reserve in the library.

2. **Course Description:** This course focuses on aggregate behavior of a national economy. In particular, the course examines the determination of aggregate output, the causes of business cycles, and economic stabilization policies. These policies include fiscal policy options as well as monetary policy options. In addition, this course will address international globalization issues and their impact on the domestic economy.

3. **Course Objectives/learning outcomes:** This course is intended to help students understand how the national economy works and to help them evaluate economic policies. Upon completion, students should be able to understand the discussion about macroeconomic conditions, and should be able to analyze the effects of macroeconomic policies.

4. **Topics to cover:** see the attached list of possible topics.

5. **Office and Hours:** Office Nasartir Hall 319, 619-594-8496, klee@mail.sdsu.edu
   Office Hours: 10:00 a.m. – 12:00 p.m. and 1:30 p.m. -2:30 p.m. on M&W,
   10:30 a.m. – 11:30 a.m. and 2:15 p.m. -3:15 p.m. on T&TH,
   and by appointment

6. **Blackboard:** the course will use the university blackboard, and basic course information will be posted on the blackboard. Students will need to register for a blackboard account.
   A. **Lecture Plans and Exam Information:** Weekly lecture plans will be posted each week, which will give students an idea of what to cover and help them prepare for the class. I will also post upcoming exam information.
   B. **Lecture Slides and Homework Questions:** Lecture slides and homework questions will be posted. Students are expected to download and bring them to class

7. **Clickers:** A classroom response system (aka clickers) will be used in this course. Clickers are small handheld (or mobile-phone-based) devices used to foster interaction, active learning, and quick feedback for students and faculty. You must purchase and register your clicker, and bring your clicker to class. For this class, you will register your clicker via the Blackboard course (Econ 320) page.

8. **Grade:** There will be two hourly exams and the final exam. The course grade depends on the weighted average, equal to 30% x the first hourly exam score + 30% x the second hourly exam score + 40% x the final exam score. If the weighted average is 93.3 (90) or above, the course grade will be A (A-). If 86.7 (83.3, 80) or above, B+ (B, B-). If 76.7 (73.3, 70) or above, C+ (C,C-). If 66.7 (63.3, 60) or above, D+ (D, D-). If 59 or below, F.
Clicker points can additionally contribute to your grade. In particular, total clicker points throughout the semester will be up to 10% of the course grade.

Two extra credit short assignments can additionally contribute to your grade (see below). Each short assignment is worth up to 2.5% of the course grade.

Exceptions: extra credits are limited to no more than 5% of the course grade if (i) extra credits are used to get an A- or better, or (ii) if students earn D+ or lower grades based on the three exams.

Cheating, Plagiarism, and other forms of academic dishonesty will not be tolerated, and will be handled according to the university policies.

9. Exams: Open Book and Open Notebook
(1) The exam schedule is as follows;
    First Hourly Exam: 12:30p.m.-1:45 p.m., September 29, 2015 (Tuesday) in class

    Second Hourly Exam: 12:30p.m.-1:45 p.m., October 29, 2015 (Thursday) in class

    Final Exam: 10:30 p.m.-12:30 p.m., December 17, 2015 (Thursday) in class
*One must take the final exam to earn a grade.

(2) The final exam is comprehensive (cumulative) and covers all the topics and material discussed throughout the semester.
(3) If one does not take an hourly exam, and if one gives me a note stating the reasonable reasons, the unused weight will be added to the final exam. This rule does not apply to the final exam, and one must take the final exam to earn a credit.
(4) Homework: Homework questions will be assigned, but not be graded. However, by way of review, we will solve homework questions in class.
(5) The style of exams: In each exam there will be both essay questions and multiple choice questions. Those who do not like multiple choice exams may take 100% essay exams as long as they let me know in writing at least 10 days before each exam. At least 50% of exam questions will be made from homework questions with minor modifications.

10. Students with Disabilities

If you are a student with a disability and believe you will need accommodations for this class, it is your responsibility to contact Student Disability Services at (619) 594-6473. To avoid any delay in the receipt of your accommodations, you should contact Student Disability Services as soon as possible. Please note that accommodations are not retroactive, and that I cannot provide accommodations based upon disability until I have received an accommodation letter from Student Disability Services. Your cooperation is appreciated

11. Extra Credit Short Assignments

The goal of the assignment is to provide students with the opportunity to relate economics knowledge and tools they learn in class to real world economic events. In particular, students are asked to analyze the economic contents of the article they choose. The analysis should be based on
economic theories we discuss in class and on relevant actual data that supports theories. The students must follow detailed instructions below.

(1) Select an article, related to this class lecture and materials, that has been published in any newspapers or magazines (for instance, Wall Street Journal, Business Week and any local newspapers) since September 1, 2015.

(2) The assignment must have following six parts:
(i) Introduction: Summarize briefly the main issue in the article.
(ii) Theory: Present economic theories, with graphs and detailed explanation, that enable you to analyze the arguments. This part mainly comes from relevant parts of the lecture note and the textbook.
(iii) Data Analysis: Your theories, in part (ii), should be supported by relevant actual data. That is, you have to provide empirical evidences that support your argument. The data set should cover as many data points as possible, but at least the most recent 20 data points such as the most recent 20-year annual income tax data. You need to discuss if the theory can explain actual data. If not, explain and discuss in detail why the theory does not work. Data analysis is the most important part of the assignment, and no credit will be given without the data analysis.
(iv) References: List all sources of your theoretical argument and data. If you use the website, you should provide detailed URL that I can verify. Without the detailed verifiable source, there is no credit.
(v) Data: attach the data you use in your assignment. Do not attach the photocopy of original statistics from sources, but make your own table by typing.
(vi) Photocopy of the article you chose: Attach it to the assignment.

(3) The assignment, including tables and graphs, must be typed and double spaced. Use correct grammar and spelling. In typing and drawing tables, use a word processor such as Word.

(4) There is no restriction on the length of the assignment, because your grade depends on the content and rigor of the analysis, not on the length of the assignment. It would be hard to write a more-than-three-page (single spaced) terse analytical piece.

(5) The deadline for the first assignment is November 12, 2015 (Thursday) in class, and the deadline for the second assignment is December 10, 2015 (Thursday) in class. These deadlines are not negotiable. Under no circumstances two or more students can analyze the same article. If two or more students analyze the same article, no credit will be given. To avoid this possibility, give me the title of the article you choose before you analyze, so that others do not analyze the same article.

(6) Assignments should be students’ own work, and plagiarism, and other forms of academic dishonesty will not be tolerated, and will be handled according to the university policies.

12. Attendance: Attendance is not required. However, all exams will be based on lectures to a
considerable extent, and students are strongly advised to attend. **In addition, this course is not an online course, and the course will be taught based on the assumption that students attend.** As such, students should not expect to learn via email.

**Tentative Topics to Cover***

I. Orientation: Course Requirements and General Information

II. Introduction to Macroeconomics (Chs. 1-2)

III. Short-run Macro (Chs. 3-5)
1. Goods Market (Ch 3): the IS curve analysis.
2. Financial Market (Ch 4): the LM analysis
3. IS-LM (Ch 5): simple macro equilibrium

IV. Medium-run Macro (Chs. 7-8)
1. AD-AS (Ch 7): determination of price and output**
2. Unemployment and Inflation (Ch 8): natural rate of unemployment**

V. Long-run Macro (Chs. 10-12)
1. Growth Data (Ch 10): cross-country comparison of economic growth over time
2. Basic Growth Theory (Ch 11): role of saving in economic growth
3. Technology and Growth (Ch 12): role of technology in economic growth

VI. Expectations (Chs. 14-16)
1. Basics of Expectations (Ch 14): present value, real interest, and nominal interest.
2. Financial Markets (Ch. 15): long-term and short-term interest rates
3. Goods Market (Ch. 16): consumption and investment with expectations **

VII. Open Macro (Chs. 18-20)
1. Exchange Rate (Ch. 18): exchange rate, interest rate, and balance of payments
2. Open Economy and Output (Ch 19): exchange rate, output, and IS-LM
3. Exchange Rate and Output (Ch 20): flexible and fixed system.**

VIII. Macro and Policymakers (Chs. 24-26)
1. Uncertainty and Policy (Ch 24): policymaking and politics**
2. Monetary Policy (Ch 25): inflation policies
3. Fiscal Policy (Ch 26): deficit, debt, Ricardian equivalence

*The above tentative topics may change: some topics may not be covered while other topics may be added.

**We are likely to skip these chapters.