

INTERMEDIATE MACROECONOMICS
Economics 352
Monday & Wednesday, Aug 24 – Dec 19, 2009
Krannert G-10, 1:30 – 2:45PM

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Introduction to the topic:

Think of macroeconomics as the search for an understanding of how the movements of parts determine the behavior of the whole. Whereas, for example, microeconomists may study the investment and pricing behavior of individual firms, macroeconomists are interested in what these lessons imply for aggregates of investment and the “price level”. In particular, the concerns of macroeconomists place emphasis on connections and spillovers between markets. Moreover, macroeconomics places more emphasis on the evolution of the economy over time; this is in keeping with the desire to understand connections between markets – those that exist today, and those of the future.

In keeping with the approach taken by the most advanced and cutting-edge macroeconomic research, we will emphasize use of theories of the economy based on the assumption that consumers and firms behave optimally. More precisely, models of the macroeconomy will be composed of decision-makers who act using available information within their spheres of control to maximize their individual personal welfare. Importantly, such models are based on behavior that we can readily understand and relate to (even if we won’t always “approve”!).

Lest we risk losing touch with reality (and consciousness?), we will must occasionally take stock of the value of all this theorizing. Thus, we will supplement theory with applications and compare it to data. An important goal (a difficult one!) is to accept that economic theory is useful, while understanding and acknowledging that we are far from having it all figured out.

This broad approach will be applied to the following big questions in macroeconomics and related ones: What determines the rate of economic growth and development over the long term, and why do some countries do so much better? What are the causes and nature of business cycles, and what is the value of monetary and other policy designed to affect these fluctuations? The over-arching goal of the class is to offer a way to organize the data related to these questions, and draw intelligent conclusions.

Reading materials:

The textbook required for the course is

Williamson, Stephen D., Macroeconomics, Third Edition, Addison-Wesley (2008), (Will).

This book should be available at the University Bookstore. There will also be a copy of the book on reserve in the Krannert Library. You may try to get by with an earlier edition, but you will be responsible for knowing the material in the Third Edition.

We will also utilize articles from business periodicals (particularly the Financial Times and the Wall Street Journal), and various documents that can be found online. These supplementary materials will be linked through the course webpage whenever possible.

Other course resources:

The course webpage will contain the updated syllabus, including the detailed reading assignments for the coming week. This page is located at www.krannert.purdue.edu/faculty/saunders/econ352/econ352home.htm. You should check this site frequently for updated reading assignments, supplementary links, and class notes.

Your grades will be recorded on Krannert's Katalyst system, which you can log into at <https://webapps.krannert.purdue.edu/kap/>. If you're not familiar with Katalyst, perhaps you should explore it a bit.

Homework and Quizzes:

I will make reading and homework problem assignments each week. Some of the homework problems will be collected; I will tell you in advance what will be collected and when. (See also the schedule below.) Alternatively, I may schedule an in-class quiz covering the material on a recent assignment, rather than collecting a written assignment.

Assignments collected must be neat, easy to read, and well-organized; if I have difficulty reading it or understanding what is meant, the answer must be wrong. If your handwriting is hard to read, you should type your assignments. Homework must be submitted by 5PM on the day that it is due. Assignments received within 24 hours of the due date will be penalized 50%; they will not be accepted after 5PM the day after the due date.

Exams and Grading:

Your grade for the class will be determined based on your scores on the homework assignments that I collect, quizzes, two mid-term exams, and the final exam. The final grade will be based on the following weighting:

Homework and Quizzes	50%
Two Mid-term Exams	16.7% each
Final Exam	16.6%

Each graded homework assignment and each quiz will contribute equally to your final grade. In calculating your homework-plus-quiz contribution, I will drop the lowest score; a missed assignment or quiz counts as a zero.

In determination of final grades, students in the top 30-35% will receive an A, and those in the next 40-45% will receive a B. Students below this threshold will receive grades of C or lower. The exact cutoffs will be determined based on my assessment of the overall quality of students' performances in the class. (*This is a bald attempt to encourage you to participate, study, learn, and impress me!*) I will keep you apprised of your rank as it evolves over the semester by posting this (along with your grades) on Katalyst; I will also tell you early in the semester the minimum ranks required to guarantee an A and a B.

Attendance:

If you do not come to class, you risk missing a quiz (or an exam!). You cannot make up missed homework and quizzes. If you must miss an exam, you will not be able to make it up without a *well-documented type-written excuse* acceptable and accepted by me. Except for emergencies, you need to submit this documentation and obtain my approval *in advance*; for an emergency, submit as soon as possible. (Documentation may consist of, for example, a doctor's note with contact information for verification, a copy of an accident insurance claim with contact information, a funeral notice and proof of family relation, etc.)

Please note that our final exam may be scheduled as late as Saturday, December 19; please *do not make travel plans that conflict with this possibility!*

Also, please pay attention and contribute to the class discussion during class time; do not work on homework, read the newspaper, etc.

Academic Integrity:

If you need to know the University's stance with respect to academic integrity, look at www.purdue.edu/usp/acad_policies/student_code.shtml. Respectfully, I ask you not to cheat; and I ask for your help in creating an atmosphere where cheating is not accepted. If you think that someone in this class is breaking the rules, please tell me.

Calendar of class topics and assignments:

A tentative sketch of the calendar of class topics and the relevant chapters of Williamson's book is listed below; some adjustments to this plan will undoubtedly be made, *so make sure to refer to the course website frequently for the precise and up-to-date assignments.*

<u>Week</u>	<u>Dates</u>	<u>Topic</u>	<u>Book Chapters</u>
1	8/24, 8/26		1-3
2	8/31, 9/2*		3-10
3	9/9	<i>[9/7 is Labor Day!]</i>	
4	9/14, 9/16*		
5	9/21, 9/23		
6	9/28, 9/30**		11-14
7	10/5, 10/7		
8	10/14*	<i>[10/12-13 is Oct. Brk!]</i>	
9	10/19, 10/21		
10	10/26, 10/28*		
11	11/2, 11/4		15-19
12	11/9, 11/11**		
13	11/16, 11/18		
14	11/23*	<i>[11/25 is Thanksgiving Brk!]</i>	
15	11/30, 12/2		20-23
16	12/7, 12/9*		
17	12/14-12/19	Final Exam Week. <i>(Exam schedule TBA.)</i>	

* Homework due or scheduled quiz during this week.

** Exam during this week.