



SACRAMENTO STATE UNIVERSITY
FALL 2009

ECON 100A: INTERMEDIATE MACROECONOMIC THEORY

Course Description: Analysis of the determinants of the aggregate level of output, income, employment and prices. 3 Units.

OVERVIEW

Macroeconomics is the study of issues that affect the economy as a whole, especially unemployment, inflation, and economic growth. John Maynard Keynes defined economics as the “science of thinking in terms of models, joined with the art of choosing models which are relevant to the contemporary world.” Economic models are simplified representations of relationships within an economy, and are described as a set of mathematical relationships between economic variables. Models are useful because they allow us to focus on necessary and important relationships while omitting unnecessary detail and complexity. In this course, we will be examining many models of the macroeconomy, each with its own set of simplifying assumptions. One way to categorize the models is by the time horizon over which they apply. Models can generally be grouped into two broad categories:

The Long Run – These models assume that wages and prices are fully flexible and, therefore, that capital and labor are fully employed. Over the long run, labor, capital, and technology can change. The production model, Solow growth model, Romer growth model, and the quantity theory of money are examples of long-run models. Long-run models are best suited for explaining the economy over a time horizon of several years or more.

The Short Run – Most short run models of the economy (for example, the IS/MP/AD/AS model) assume that prices and/or wages take some time to adjust to long-run equilibrium. Because of this stickiness, capital and labor are sometimes not fully employed. That is, not all markets clear in the short run. Non-market clearing models are widely viewed as being important for explaining the economic fluctuations we observe from month-to-month or from year-to-year.

Prerequisites for this course include Economics 1A and 1B, as well as mastery of algebra.

Instructor Information:

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Required Materials: The required textbook for this course is *Macroeconomics* by Charles I. Jones (W.W. Norton and Company, 2008, ISBN 978-0-393-92638-5), and it is available for purchase in the campus bookstore or online. The book is also available in ebook format for \$54.00 at: www.nortonebooks.com.

Class Meetings:

Tuesday: 5:30 pm-8:20 pm Amador 217

Office Hours:

Tu and Th: 3:00-5:00 pm or by appointment. Also feel free to stop by my office or e-mail me if you have any questions.
 Course website: <http://www.iloveeconomics.com>

Grading:

Homework	20% of final grade
Midterm	40% or 0% of final grade
Comprehensive Final Exam	40% or 80% of final grade

Each exam will be worth 40% of your final grade unless you score higher on the final than on the midterm. In this case the final exam will be worth 80% of your final grade.

Homework Assignments

Homework assignments will be posted on SacCT throughout the semester. All assignments are due by the stated deadline. There will be no exceptions to this rule but I will drop your lowest homework score before I calculate your final homework average.

Attendance

Attendance at lecture is left up to your discretion. That being said, homework assignments and Exams are based on material I cover **in-class** which may not always coincide with the text. My advice to you is to come to class, take good notes, and use your text as a secondary reference.

Exams

I do not set specific dates for exams at the beginning of the semester because I like to have the flexibility to speed up or slow down depending on how I think the class understands the material. However, once an exam date is set there will be very few excuses for missing one. These include a death in the family, a University-sponsored event or excursion, or a serious illness documented by a doctor. You are responsible for bringing a scantron form (882-E), a pencil, and a non-cell-phone calculator to all exams. Exams are all closed-book, closed-note, and closed-friend/neighbor.

Please note that you must receive a C or better in this class to graduate with a B.A. in Economics.

Additional Information

If you have a physical or learning disability that requires accommodation, please let me know as soon as possible and contact Services to Students with Disabilities at (916) 278-6955 to get the proper documentation well in advance of the first exam.

Don't cheat. Neither of us really wants to have to deal with this situation, but my job is to teach you economics and then give you a grade that reflects your knowledge of the subject. If you cheat, you force me to assume that you know zero, and that is precisely the grade you will get. Additionally, all instances of cheating and/or plagiarism will be reported to Judicial Affairs. All students are expected to adhere to the University Student Code of Conduct outlined in the *CSUS University Policy Manual*. Please read the policy manual carefully at www.csus.edu/admbus/umannual/UMAN00150.htm.

It is useful to clarify the difference between acceptable group study and unacceptable sponging off of your unsuspecting neighbor. **I encourage you to work together on assigned practice problems and even graded homework assignments, although every student is responsible for submitting his/her own answers to each graded assignment in order to receive credit.**

TENTATIVE Course Outline (subject to change at instructor's discretion):

<u>Topic</u>	<u>Chapter</u>
Introduction to Macroeconomics	1
Measuring the Macroeconomy	2
An Overview of Long-Run Economic Growth	3
A Model of Production	4
The Solow Growth Model	5
Growth and Ideas	6
Exam #1	
The Labor Market, Wages, and Unemployment	7
Inflation	8
An Introduction to the Short-Run	9
The IS Curve	10
Monetary Policy and the Phillips Curve	11
Stabilization Policy and the AS/AD Framework	12
The Government and the Macroeconomy	13
International Trade	14
Exchange Rates and International Finance	15
Final Exam	

***There will be no class on Tuesday, November 24.** *Faculty are required to take a total of 9 furlough days during the semester during the 2009-2010 academic year. One of these days is a campus-wide furlough day, designated by the President (October 19, 2009). The remaining 8 days are selected by the individual faculty and subject to approval by the dean. Your other classes will meet as regularly scheduled on these days, unless you are otherwise notified by your instructor. On furlough days, the instructor is not permitted to hold office hours, respond to e-mail, etc.*