

**EC 204: Principles of Macroeconomics, Section 2  
Spring 2009**

Instructor: Aaron Anderson, C309a Clark, phone 491-7236, aaron.anderson@colostate.edu  
Office hours: 3:00-4:00 Monday, 1:00-3:00 Friday (If these don't fit your schedule feel free to make an appointment)

Teaching Assistants: Micah DelVecchio, C309E Clark, teaches recitations 4, 5, and 6.  
Contact: micahd@simla.colostate.edu 491-7236  
Office hours: 10:00-11:30 Tuesday and Thursday

Jolene Green, C320 Clark, teaches recitations 13, 14, and 15  
Contact: jolene.green@colostate.edu 491-6653  
Office hours: 10:00-11:00 Monday, Wednesday, and Friday

Class time and place: 1:00-1:50 Monday and Wednesday in Eddy 212

Recitation time and place: Make sure you are registered for one of the following recitations:

R04	4-4:50 Thursday	Clark C359
R05	5-5:50 Thursday	Clark C359
R06	1-1:50 Friday	Clark A202
R13	4-4:50 Thursday	Clark A205
R14	5-5:50 Thursday	Clark A205
R15	1-1:50 Friday	Clark A205

Text: Gregory N. Mankiw, *Brief Principles of Macroeconomics*, 5<sup>th</sup> edition (South-Western Cengage Learning, 2008)

**COURSE OBJECTIVES**

By the end of this semester, you should be able to:

- explain the causes of key macroeconomic concerns- unemployment, inflation, lack of growth- and asses their consequences for society;
- discuss both the prospects for and the limitations of government macroeconomic policy;
- conduct your own analyses of the likely effects of specific macroeconomics disturbances or policy actions;
- watch the macroeconomic news item in the media with greater understanding
- follow current and future political debates over economic policy and be able to separate the sense for the nonsense.

**COURSE METHODS**

To accomplish the course objectives, the student and instructor will rely on:

- in-class development of central ideas using lectures integrated with discussion;
- supporting reading from the text and assigned articles;
- evaluation of the level of student accomplishment via four tests throughout the semester, a comprehensive final exam, and a short paper.
- Individual consultations between the student and the instructor to ensure understanding and provide additional instruction.

**GRADES**

Averages will be calculated according to the following procedure:

Of the 4 tests and the final, average the 4 highest grades:  $(\quad \times 0.90)$   
The grade you received on the short paper:  $+ (\quad \times 0.10)$   
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Grades will be assigned according to the following scale

97.5 – 100	A+
89.5 – 97.49	A
87.5 – 89.49	B+
79.5 – 87.49	B
77.5 – 79.49	C+
69.5 – 77.49	C
59.5 – 69.49	D
0 – 59.49	F

## **BASIC COURSE OUTLINE**

- I. Introduction
- II. The way our economy works
  - A. How markets work and how well they work
  - B. Why specialization and trade/exchange is a good thing
- III. Measuring the economy
  - A. Measuring growth
  - B. Measuring the cost of living
  - C. Measuring unemployment
- IV. Long run economic growth
  - A. Determinants
  - B. Policies to promote it
- V. The financial system and macroeconomics
  - A. Saving and Investment and their effect on long run economic growth
  - B. Policies that affect saving and investment
- VI. Unemployment
  - A. Causes of unemployment in the long run
- VII. How money affects the economy in the long run
  - A. Measuring money
  - B. How money is created
  - C. The role of the Fed
  - D. How monetary policy affects prices
  - E. Why inflation is bad
- VIII. How international trade and international capital flows affect the economy
  - A. The link between trade and capital flows
  - B. The effect on long run economic growth
  - C. Government policies that affect trade and flows of capital
  - D. Determinants of exchange rates
- IX. Explaining short run fluctuations in income and unemployment (business cycles)
  - A. Aggregate demand and supply
  - B. Effect of monetary policy
  - C. Effect of fiscal policy
  - D. The short run tradeoff between inflation and unemployment
- X. Policy debates
  - A. Should the government try to stabilize the economy?
  - B. Should the Fed conduct monetary policy by rule rather than discretion?
  - C. Should the Fed aim for an inflation rate of zero?
  - D. Should the federal government balance its budget?
  - E. Should tax laws do more to encourage saving?

### **COURSE SCHEDULE (tentative)**

Jan 21	Introduction (Chapters 1 and 2)
Jan 26,28	The way our economy works (this will be started in the previous week's recitation) (Chapters 3 and 4)
Feb 2,4	Measuring the economy (Chapter 5 )
Feb 9,11	Measuring the economy (Chapter 5) <b>TEST 1 Wednesday February 11</b>
Feb 16,18	Measuring the economy (Chapter 6 + some extra)
Feb 23,25	Long run economic growth (Chapter 7)
March 2,4	The financial system and macro economics (Chapter 8)
March 9,11	Unemployment (Chapter 10) <b>TEST 2 Wednesday March 11</b>
March 16,18	SPRING BREAK!
March 23,25	How money affects the economy in the long run (Chapter 11 and 12)
March 23, April 1	How international trade and international capital flows affect the economy (Chapters 13&14)
April 6,8	How international trade and international capital flows affect the economy (continued) (Chapters 13&14) <b>TEST 3 Wednesday April 8</b> <b>Short paper assigned April 6</b>
April 13,15	Explaining business cycles (Chapter 15, 16, and 17)
April 20,22	Explaining business cycles (Chapter 15, 16, and 17)
April 27,29	Explaining business cycles (Chapter 15, 16, and 17) <b>Short paper due April 27</b>
May 4,6	Policy debates (Chapter 18) <b>Test 4 Wednesday May 6</b>

**Thursday May 14 Final Exam 1:30-3:30**

**COURSE POLICIES**  
**for**  
**EC 204, Principles of Macroeconomics**  
**Instructor: Aaron Anderson**

1. **RESPECT.** Class will be conducted in an atmosphere of mutual respect among students and the instructor. Specifically:
  - a. The instructor of the course pledges to respect students' right to learn, right to express themselves reasonably, and right to be treated fairly. The instructor commits himself to offering clear and useful content and leadership, and to constructing fair and relevant examinations.
  - b. Students in the course pledge to protect each other's right to learn, and to put forth their share of the effort required for the teaching-learning enterprise. Students commit themselves to informing themselves of course policies and schedule; doing their best to master the material presented; attending class; avoiding late arrivals, early departures, and irrelevant, discourteous or disruptive behavior in class.
  
2. **ACADEMIC INTEGRITY.** Students have an obligation to integrity in all academic work. In this course, submission of test answers to be counted toward your course grade automatically implies a personal pledge that you have neither given nor received unapproved information about the test, whether by copying answers, exchanging unauthorized prior information, etc. Violation of this pledge in even the slightest degree will result in an automatic grade of F in the course, and more severe measures according to University procedure. Other instances of course-related theft or dishonesty will be treated similarly.
  
3. **TEST ADMINISTRATION.** The following policies apply:
  - a. Early or late examination or other special arrangements are offered only in cases of documented emergency or conflicts with sanctioned University activities. Students are not to make elective travel or other plans that conflict with the scheduled exams in the course in which they have registered.
  - b. A student arriving late to an exam session will be allowed to take the exam in the remaining time, so long as the student does not arrive after other examinees left.
  - c. There will be no extra credit offered.
  
4. **CHALLENGING TEST QUESTIONS.** A student who wants to challenge the validity of a test answer, and who is not satisfied with the instructor's preliminary explanation, may submit in writing the reason(s) a disallowed answer might be considered correct. The professor will give judicious consideration to the reasoning offered and will offer a timely written response that will be considered the final decision.