

**ECONOMICS 304: Intermediate Macroeconomics
(Spring 2009)**

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Classes: T Th 11:00am to 12:15pm in C 337 Clark

Office Hours: W 2:30 to 5:00pm

About the course: Macroeconomics is the study of the evolution of the aggregate economy, as opposed to the study of individual economic actors - consumers, firms, the government - making up the aggregate economy. Macroeconomics can be broadly divided into two parts: (a) study of economic growth (long-run evolution of the economy); (b) study of business cycle fluctuations (short-run fluctuations of the economy around the long-run trend). In this course we will cover both these parts. The first part of the course (taught by Prof. Cutler) will deal with short-run fluctuations and the second part of the course (taught by Prof. Basu) will concern itself with a study of issues related to long-run economic growth.

First Part of the Course: The first part of the course will study how the economy responds to economic shocks in the short-run and medium-run. These two periods will be defined in the context of how prices, wages and real variables such as employment and output respond to changes in the economy. Of particular interest, we will examine the role of the Federal Reserve (Central Bank) and the federal government as these two institutions attempt to promote economic stability and growth. We will also study the role of the deficit as it impacts the economy. We will be developing a graphical and mathematical model to tell our story. These two techniques tell the exact same story. This part of the course will run for about 8 weeks.

Second Part of the Course: We will begin by familiarizing ourselves with the 'stylized facts' of economic growth of capitalist economies and then draw on the classical-Marxian tradition to explain these stylized facts. We will try to understand why questions of income distribution are intimately related to issues of economic growth and draw on the rich insights of classical economists to look at the relationship between the two. This part of the course will run for about 7 weeks.

Textbook:

- The first part of the course will not use any textbook and will instead rely on the instructor's notes.
- The following textbook will be used for the second part of the course: *Growth and Distribution*, by Duncan K. Foley and Thomas R. Michl, 1999 [Publisher: Harvard University Press].

Prerequisites: Students registering for this course must have taken ECON 204, the introductory course in macroeconomics and MATH 141 or 155 or 160. The mathematics courses ensure that

students are comfortable with high school algebra, geometry and basic calculus, some of which will be used in the course.

Exams: Both parts of the course will have one midterm exam and a final exam.

- The schedule for the exams for the first part of the course will be announced in class.
- For the second part of the course, the midterm exam will be held on **Tuesday, April 14** in class at regular class times. The final exam will be held on **Thursday, May 07** in class at regular class times.

Course Material: Some of the material pertaining to the course like the syllabus, lectures slides, important announcements, practice exercises, handouts, practice exams, etc. will be available on RamCT. Please note that students are responsible for everything that is discussed in class, even if that has not been posted on the course webpage.

Academic Misconduct: Academic misconduct like cheating, plagiarism, etc., will be taken very seriously in this course, and can lead to an overall F grade. For more details about university policies relating to academic misconduct see <http://www.catalog.colostate.edu/front/policies.aspx>

Accommodation for Disability: Reasonable requests for accommodation to disabilities will be entertained. However, students are responsible for requesting accommodations in a timely manner and must first be recognized as eligible for the accommodation through Resources for Disabled Students (RDS). For more information see <http://rds.colostate.edu/index.asp>

Grading: For both parts of the course, there will be a midterm exam, a final exam and 3 homework assignments. Late submissions of homework assignments *will not* be entertained. The homeworks will be graded on a rough pass/fail basis with full credit awarded for fair effort, half credit for low effort and no credit for no effort (or no submission).

Out of a total of 100 points for each part of the course, the final exam will count for 50 points, the midterm exam for 35 points, and the homework assignments for 15 points (each homework assignment will be worth 5 points). Missing any of the exams or homework submissions will automatically get you zero points on that part of the course unless you have a valid medical excuse along with written proof of the same, in which case your scores will be adjusted accordingly.

The total points for the course is 200, a 100 for each part. Overall grade for a student will be determined solely on the basis of the total points she/he gets out of the total of 200 points and will be determined on the basis of the distribution of scores for the whole class.

Tentative schedule: The tentative schedule for lectures in this course is as follows:

- **First Part:**

1. Graphical aggregate supply and demand model (ASDM)- 3 weeks
 - Consumption
 - Investment
 - Monetary Policy
 - Fiscal Policy

- Defining the short-run and medium-run
- 2. Introduce a mathematical representation of ASDM - 3 weeks
- 3. Examine real data - 2 weeks

- **Second Part**

- March 24, 26: chapter 1, 2
- March 31, April 02: chapter 2, 3
- April 07, 09: chapter 3, 4
- **April 14: MIDTERM EXAM (in class)**
- April 16, 21, 23: chapter 5, 6
- April 28, 30, and May 5: chapter 7
- April 7: FINAL EXAM (in class)

Homework Assignments: The tentative schedule for homework assignments is as follows:

- **First Part:** the schedule will be announced in class
- **Second Part:**
 - HW 1: will be handed out on March 26 and will be due on April 02
 - HW 2: will be handed out on April 02 and will be due on April 09
 - HW 3: will be handed out on April 30 and will be due on May 07