Purpose

This course examines the issues central to the sub-discipline of Economics known as Macroeconomics. Our objective is to examine the behavior of the economy as a whole to better understand how factors such as output, employment, prices, interest rates, wages, and foreign exchange rates are determined. In particular, we will analyze two primary phenomena of the macro-economy: business cycles and growth. In addition, a broader aim of the course is to provide the tools necessary to critically analyze arguments made by so-called “experts” about developments in the economy.

On-Line Version of Course

The on-line version of this course differs in many ways from the in-class version. These differences and implications are as follows:

1) The on-line version will follow the book much more closely than the in-class version. This is because the book offers a good fall back if the student does not completely understand something (it is a good resource to review if there is a lack of understanding of any topic). Although the book is imperfect (and in many cases very biased and there a large number of typos), it is generally very clear and well written. The course is designed to navigate the student through the subject matter of the book. As such, certain chapters and sections of chapters are skipped because the costs in terms of complexity and/or time expenditure outweigh the knowledge benefits of the particular chapters/sections.

2) Similarly, the weekly powerpoint presentations generally correspond closely to the particular section of the book assigned for that week. Hence, while the powerpoint presentations are fairly similar relative to what is covered in the book, this is done purposely, so as to provide multiple opportunities to go over and understand the material. Basically, between reading the book, going over the powerpoint presentations, and doing the homework problems, the student should be able to master the material.

Text Book

Structure of Course

The course is organized through a series of lessons. Each lesson has a similar structure:

1) Reading from Williamson
2) Recommended Homework Problems
3) Additional Readings
4) Powerpoint Presentation
5) Homework Solutions

The pace of the course is approximately one lesson per week. A few points to note:

- The powerpoint presentations include audio (with my voice as the narration), so as to resemble a standard lecture. The presentations can be accessed via a link to that uses Adobe Presenter. As a warning, these audio presentations are not done professionally, as they essentially include my voice trying to provide some color to the presentations. If my voice annoys you or you prefer not to listen, you can simply use the standard powerpoint that excludes the narration.

- The recommended homework problems are not collected or graded, as you are provided the answers. These are usually taken from the ‘Problems’ at the end of each chapter. Exam questions will be very similar in content and quality to the homework problems, so it is in your best interest to be very familiar with these problems. Note that these problems are distinct from the ‘Weekly Assignments’ mentioned in the Grading section (which will be graded).

- The ‘Additional Readings’ for each topic are intended to provide a more global view of topic. The readings each week will be a topic for discussion as part of regular class participation. This is discussed further in the ‘Participation’ component of the Grading section.

Grading

The weights for each of the components are as follows:

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midterm Exam Topics 1-6</td>
<td>35%</td>
</tr>
<tr>
<td>Final Exam Topics 7-12</td>
<td>35%</td>
</tr>
<tr>
<td>Weekly Quizzes Particular Topics</td>
<td>10%</td>
</tr>
<tr>
<td>Weekly Assignments Particular Topics</td>
<td>10%</td>
</tr>
<tr>
<td>Participation Reading for Week</td>
<td>10%</td>
</tr>
</tbody>
</table>
Exams

The midterm and final exams are, of course, take home exams, and in many ways will resemble the problems included in the weekly assignments and the recommended homework problems. The exams will be similar to standard in-class exams, and are designed to take about 2 ½ to 3 hours of time. Students will be given 24 hours from when they start the exam to turn it in (the exams will effectively be timed within the Blackboard tool). This 24 hour period can be anytime during the specified days allocated for the exam. This extra time (24 hours for a 2 ½ to 3 hour exam) should alleviate concerns about time constraints when taking the exams. Also, the exam answers must be submitted as a PDF or Word attachment. So, part of this extra time is allocated so that students have the necessary time to generate the electronic files that include their answers to the exams.

Weekly Quizzes

For each topic listed within the syllabus, there is 10-question multiple-choice quiz that must be completed within 10 minutes. These quizzes serve as an incentive to keep up with the material in a timely fashion. The content of the quizzes is very similar to in nature to the ‘Questions in Review’ questions at the end of each chapter of the text. These tend to be fairly basic questions and are intended to provide some incentive to keep up with the material.

The quiz for each topic will become available the particular Wednesday of the given week and must be completed by the Tuesday of the next week. So, for example, the first quiz corresponding to the week starting January 23rd must be completed by Tuesday, January 29th. If you do not take a quiz within the specified time frame, you effectively will receive a score of zero for that particular quiz.

Weekly Assignments

For each topic, there will be an assignment that must be turned in within a similar time frame as the weekly quizzes. The assignment will generally be a single question that is often a bit more quantitative than the homework problems at the end of each chapter. Your response should be relatively short, basically included on a single-side of a single page of paper. You can turn in the assignment using Word or PDF format. Similar to the quizzes, the first assignment corresponding to the week starting January 23rd must be completed by Tuesday, January 29th.

You will receive a score of 0, 1, or 2 on each assignment. You will receive a score of ‘2’ if the answer is exactly correct, and a ‘0’ if you do not turn in the assignment on time. Hence, an incorrect response that gets turned in on time receives a ‘1’. Assignments that are not turned in on time will not be accepted. If you do not turn in an assignment for a particular week, you simply must accept a score of ‘0’ for that assignment.
Participation

Participation takes place in the **Discussions** tool on the site. A link to the **Discussions** forum for each week is provided in each **Lessons** section. For each week, there will generally be three different topics specified, related to:

1) The assigned external reading for the week
2) Macroeconomic events of that particular week
3) Questions on course content for the particular week

**For the ‘Participation’ score of the grade, individuals need to provide some indication that they have read the external reading for the particular topic each week.** The grading of class participation will essentially be on a 10-point scale. A score of 0 is for no participation, while a score of 10 is for superior quality participation.

While higher quality comments are, of course, preferred, any form of comment is better than no comment. Essentially, consistent weekly participation is preferred to the occasional tune in. In particular, it is not necessary to provide an in-depth economic analysis of the article, just whatever strikes you as interesting or uninteresting regarding the readings (including, ‘too long,’ ‘really boring,’ etc.). Also, responding to other students’ comments and opinions is highly encouraged. This forum is intended to be a class discussion of the article.

The topics relating to the content of the chapter and macroeconomic events are also useful forums for questions and/or discussions regarding course content and current events. It is preferred that students attempt to address other students’ questions, as the best way to learn material is to explain it to someone else. That being said, I will respond to questions in this section that are addressed directly to me. I will generally go to the Blackboard website to check for messages and comments about three times a week (probably once on the weekend and twice during the week). Hence, please be patient with responses to any questions or comments aimed directly at me (do not expect immediate responses to questions or comments).

It should also be mentioned that within the **Discussions** tool, there is also a **Student Lounge**, which is another way for students to interact and communicate with each other by posting and reading messages. This forum is an opportunity to be very informal and potentially completely off topic for this class (such as discussions about other classes people are taking, issues with the JHU program, etc.). This forum essentially serves as the ‘before-class’ and ‘after-class’ type of discussion that occurs among students in a standard class.
Mathematical Content of Course

For this course, you should have some familiarity with optimization methods using calculus and basic linear algebra. To get a sense of the math used within the course, please review the powerpoint, “Mathematical Concepts Used in Course” in the “Background” lesson. For certain topics (particularly, Chapters 4, 6, 8, and 10) the mathematical appendices of the text will be covered. Since the appendices in the text are fairly cryptic, more detailed walk-throughs of each of these appendices are available within the particular lesson.

Contact Information

My job is to help you succeed in learning the material for this course. While the course is designed so that students can do so in a fairly self-sufficient manner, please contact me if you have questions about the subject matter, structure of the course, or anything else. Again, the general practice in an on-line course is for communication to take place directly within the course site. In terms of asking questions:

- It is preferred that most questions be asked within listed topics of the Discussions tool, as that way information (questions and answers) can be shared by everyone in the class.

The standard ways to contact me are below:

E-mail: jveum1@jhu.edu
Phone: 571-533-5212

Course Outline and Schedule

The course has been structured into twelve topics, and the pace will be one topic per week. Each topic generally corresponds to one chapter of the text, although we will spend two weeks on a couple of the longer chapters. One week is set aside for the midterm exam and the last week of the course is the final exam.
Course Schedule

I. MICRO-FOUNDATIONS

Week 1: January 23
Topic 1: The Labor Market
Williamson: Chapters 1 – 3 (Skim), Chapter 4
Problems: Chapter 4, # 4, 6, 7, 10, 11
Readings: “The Macroeconomist as Scientist and Engineer,” Mankiw

Week 2: January 30
Topic 2: The Two-Period Model
Williamson: Chapter 8
Problems: Chapter 8, #2, 4, 5, 6
Readings: “Convergence in Macroeconomics: Elements of a New Synthesis,” Woodford

II. THE INTERTEMPORAL MODEL

Week 3: February 6
Topic 3: The Intertemporal Model, Part I
Williamson: Chapter 10, pp. 338-372
Problems: Chapter 10, #1, 3, 5, 7
Readings: “The Other Worldly Philosophers,” The Economist
“In Defence of the Dismal Science,” Lucas

Week 4: February 13
Topic 4: The Intertemporal Model, Part II
Williamson: Chapter 10, pp. 372-389
Problems: Chapter 10, # 8, 9, 10, 11, 12, 13
Readings: “Macroeconomics after the Crisis: Time to Deal with the Pretense-of-Knowledge Syndrome,” Caballero
III. THE COMPLETE REAL BUSINESS CYCLE MODEL

Week 5: February 20

Topic 5: Money and Prices
Williamson: Chapter 11 (skip pp. 402 – 409)
Problems: Chapter 11, #4, 5, 6, 7, 8
Readings: “How Debt Markets Have Malfunctioned in the Crisis,” Krishnamurthy

Week 6: February 27

Topic 6: Market-Clearing Models
Williamson: Chapter 12, pp. 439 – 460
Problems: Chapter 12, #1, 2, 4, 5
Readings: “Real Business Cycles: A New Keynesian Perspective,” Mankiw

MIDTERM EXAM

Week 7: March 6

BREAK

Week 8: March 13

IV. THE KEYNESIAN MODEL

Week 9: March 20

Topic 7: The New Keynesian Model
Williamson: Chapter 13
Problems: Chapter 13, #1, 2, 3, 5, 8

Week 10: March 27

Topic 8: The Keynesian IS-LM Model & The Phillips Curve
Williamson: Chapter 18
Problems: Chapter 18, #1, 2, 3
Additional Problems Provided
Readings: “How Complicated Does the Model Have to Be?” Krugman
Week 11: April 3

Topic 9: Unemployment, Search Theory, and Efficiency Wages
Williamson: Chapter 17
Problems: Chapter 17, #1, 2, 3, 4, 5, 6
Readings: “Economic Effects of the Unemployment Insurance Benefit,” Fujita

V. GROWTH THEORY

Week 12: April 10

Topic 10: Economic Growth, Part I
Williamson: Chapter 6, pp. 190-214
Problems: Chapter 6, #1, 2, 3, 5
Readings: “Malthus, The False Prophet,” The Economist
“The Growth of Growth Theory,” The Economist
“The Joyless or the Jobless,” The Economist

Week 13: April 17

Topic 11: Economic Growth, Part II
Williamson: Chapter 6, pp. 214-235
Problems: Chapter 6, #6, 8, 10, 11
Readings: “Solow in the Tropics,” Toye

Week 14: April 24

Topic 12: Economic Growth, Part III
Williamson: Chapter 7
Problems: Chapter 7, #1, 3, 5, 6

FINAL EXAM

Week 15: May 1