

Macroeconomic Theory

Fall 2017

Instructor: Jonathan Veum
Phone: 571-533-5212
Email: jveum1@jhu.edu
Office Hours: Via Adobe Connect, TBD

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. Reading supplements are provided for topics where the textbook provides limited coverage.
- 2) Similarly, the weekly Panopto presentations generally correspond closely to the particular section of the book assigned for that week. Hence, while the Panopto 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 Panopto presentations, and doing the recommended problems, the student should be able to master the material.

Text Book: Stephen D. Williamson, *Macroeconomics*, Fifth Edition, Pearson Addison Wesley, ISBN-13: 978-0-13-299133-9

Specific Technology Requirements & Skills for this Course

Learning online requires some basic knowledge of computer technology. At a minimum, you need to be able to:

- Navigate in and use Blackboard; the Blackboard Student Orientation course on your “My Institution” page
- Create and save MS Word documents; see [MS Word training and tutorials](#) for PC users (all versions); [Word Help](#) for Mac users
- Find basic resources on the Internet
- Create and organize files & folders on your computer
- Send, receive, and manage email

Structure of Course

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

- 1) Panopto Presentation
- 2) Reading from text
- 3) Assignment
- 4) Recommended Problems
- 5) Additional Reading

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

- The Panopto presentations include audio (with my voice as the narration), so as to resemble a standard lecture. 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, if the pace is too slow, or if you prefer not to listen, standard powerpoint presentations of the lectures are available as well.
- The recommended 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, as well as from assignments and exams from previous semesters of this course. Exam questions will be very similar in content and quality to both the assignments and recommended problems, so it is in your best interest to be very familiar with these problems. Note that these problems are distinct from the ‘**Assignments**’ mentioned in the **Grading** section (which will be graded).
- The ‘Additional Reading’ for each topic is intended to provide a more global view of macroeconomics and/or the topic for that week. The reading for 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:

	<u>Coverage</u>	<u>Weight</u>
Midterm Exam	Topics 1-6	35%
Final Exam	Topics 7-12	35%
Assignments	Topic for Week	20%
Participation	Reading for Week	10%

Final course letter grades are based upon the weighted score. Course grade cutoffs may be adjusted if exam averages deviate significantly from the norm. Generally, numerical course grades will be translated into letter grades as follows:

Letter Grade	Percentage
A+	98% to 100%
A	92% and less than 98%
A-	90% and less than 92%
B+	80% and less than 89%
B	70% and less than 79%
B-	60% and less than 69%
C	50% and less than 60%
F	0% and less than 50%

Exams

The midterm and final exams will be based upon material from lectures, the text, assignments, and recommended problems. The format will be a blend of multiple choice, short answer, and numerical questions. Each exam will contribute 35% to the overall course grade.

Exams will be timed within the online classroom and students will be given 2 hours to complete an exam. The exam can be taken anytime with the specified week that serves as the 'open period' for the exam (Midterm: October 9 - 15, Final: December 4 - 10).

Assignments

There will be 12 graded assignments corresponding to the twelve topics covered in the course. The assignments consist of numerical problems and short answers, and each answer is worth one point a piece. The assignments must be turned in by the end of each week of the course. For example, the first assignment must be turned in by Sunday, September 3, by the end of the day (11:59 pm, EST). If you do not complete an assignment for a particular week, you simply must accept a score of '0' for that assignment.

Each assignment counts equally towards the final course score. Since there are 12 assignments, each assignment counts 1.67% (20% / 12) towards your overall course grade.

Participation

Participation takes place in the **Discussions** tool on the site. There are four types of discussion forums:

- 1) Assigned external reading for the week. A link for the external reading discussion forum is provided in each **Lessons** section. You are responsible for the assigned external reading for the 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.** You will not receive a weekly evaluation of your level of participation, but at the end of the course you will receive a score based upon your overall course participation. 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. The participation component is intended to measure your level of *engagement* as opposed to your knowledge of the subject matter (which is captured by the other components of the course). Similar to the quizzes and assignments, comments on articles are due the Sunday of each week of the course (for example, the first set of comments should be submitted by Sunday, September 3).

- 2) Macroeconomics events in the news. This forum is for discussions of events that are covered in the popular press, corporate web sites, etc., related to macroeconomic events. You are encouraged to post relevant material related to recent macroeconomic events. Participation here is mostly for your own consumption purposes, as you are not graded on your participation in this discussion forum.
- 3) Questions related to course content. There is a discussion forum devoted to questions related to course content. While you are welcome to contact me directly regarding questions, often it is useful to ask questions via an open forum, as others in the class may have similar questions. Also, 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).

- 4) There is also a *Student Lounge* discussion forum, 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. While we will review many of these optimization methods, there is an expectation that students are familiar with fundamental calculus techniques.

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

Week 1:	August 28
Topic:	Background and The Simple Model
Text:	Chapters 1 – 3 Chapter 6, pp. 182 – 188
Reading:	“The Macroeconomist as Scientist and Engineer,” Mankiw
Week 2:	September 4
Topic:	The Labor Market
Text:	Chapter 4
Reading:	“Why are There Still So Many Jobs? The History and Future of Workplace Automation,” Autor
Week 3:	September 11
Topic:	The IS-LM Model
Text:	None
Text Supplement:	“The IS-LM Analysis,” Mitchell & Wray
Reading:	“How Complicated Does the Model Have to Be?,” Krugman
Week 4:	September 18
Topic:	Consumption and Savings
Text:	Chapter 9
Reading:	“Over the Cliff: From Subprime to the Global Financial Crisis,” Mishkin
Week 5:	September 25
Topic 6:	The Intertemporal Model, Part I
Text:	Chapter 11, pp. 375-408
Reading:	How Debt Markets Have Malfunctioned in the Crisis,” Krishnamurthy

Week 6:	October 2
Topic 9:	The Intertemporal Model, Part II
Text:	Chapter 11, pp. 408-432
Reading:	“Macroeconomics after the Crisis: Time to Deal with the Pretense-of-Knowledge Syndrome,” Caballero
Week 7:	October 9 MIDTERM EXAM
Week 8:	October 16
Topic:	The Real Business Cycle Model
Text:	Chapter 12, pp. 438 - 466 Chapter 13, pp. 483 – 493
Reading:	“Real Business Cycles: A New Keynesian Perspective,” Mankiw
Week 9:	October 23
Topic:	The New Keynesian Model
Text:	Chapter 14
Reading:	“Modern Macroeconomic Models as Tools for Economic Policy,” Kocherlakota
Week 10:	October 30
	Model Applications
	Keynesian Coordination, Efficiency Wages, and the Friedman Rule
Text:	Chapter 13, pp. 493 – 504 Chapter 17, pp. 608 - 626
Readings:	“Efficiency Wage Models of Unemployment,” Yellen
Week 11:	November 6
Topic:	The Central Bank & Monetary Policy
Text:	Chapter 18
Text Supplement:	“A Century of US Central Banking: Goals, Frameworks, Accountability,” Bernanke
Reading:	“Current Federal Reserve Policy Under the Lens of Economic History: A Review Essay,” Williamson

Week 12:	November 13
Topic:	Economic Growth, Part I
Text:	Chapter 7, pp. 219 - 242
Reading:	"Understanding African Poverty Over the Longue Duree: <i>A Review of Africa's Development in Historical Perspective</i> ," McMillan
Week 13:	November 20 Thanksgiving Week - Holiday
Week 14:	November 27
Topic:	Economic Growth, Part II
Text:	Chapter 7, pp. 242 – 264 Chapter 8
Reading:	"The Need for Accountability in Education in Developing Countries," Mbiti
Week 15:	December 4 FINAL EXAM

University Policies

General

This course adheres to all University policies described in the academic catalog. Please pay close attention to the following policies:

Students with Disabilities

Johns Hopkins University is committed to providing reasonable and appropriate accommodations to students with disabilities. Students with documented disabilities should contact the coordinator listed on the [Disability Accommodations](#) page. Further information and a link to the Student Request for Accommodation form can also be found on the [Disability Accommodations](#) page.

Ethics & Plagiarism

JHU Ethics Statement: The strength of the university depends on academic and personal integrity. In this course, you must be honest and truthful. Ethical violations include cheating on exams, plagiarism, reuse of assignments, improper use of the Internet and electronic devices, unauthorized collaboration, alteration of graded assignments, forgery and falsification, lying, facilitating academic dishonesty, and unfair competition. Report any violations you witness to the instructor.

Read and adhere to JHU's [Notice on Plagiarism](#).

Dropping the Course

You are responsible for understanding the university's policies and procedures regarding withdrawing from courses found in the current catalog. You should be aware of the current deadlines according to the [Academic Calendar](#).

Getting Help

You have a variety of methods to get help. Please consult the help listed in the "Blackboard Help" link in the online classroom for important information. **If you encounter technical difficulty in completing or submitting any online assessment, please immediately contact the designated help desk listed on the [AAP online support page](#).** Also, contact your instructor at the email address listed atop this syllabus.

Copyright Policy

All course material are the property of JHU and are to be used for the student's individual academic purpose only. Any dissemination, copying, reproducing, modification, displaying, or transmitting of any course material content for any other purpose is prohibited, will be considered misconduct under the [JHU Copyright Compliance Policy](#), and may be cause for disciplinary action. In addition, encouraging academic dishonesty or cheating by distributing information about course materials or assignments which would give an unfair advantage to others may violate AAP's [Code of Conduct](#) and the University's [Student Conduct Code](#). Specifically, recordings, course materials, and lecture notes may not be exchanged or distributed for commercial purposes, for compensation, or for any purpose other than use by students enrolled in the class. Other distributions of such materials by students may be deemed to violate the above University policies and be subject to disciplinary action.