Economics 82B
Macroeconomic Theory
Fall 2015

Raphael S. Schoenle and Staff

1. Course Description

This course studies the concepts behind key economic aggregates, their measurement and inter-relations amongst them. In particular, we will study national income, consumption, investment, interest rates, exchange rates, inflation, and the unemployment rate. We will use economic models to understand the relationships amongst these variables and how economic policy can affect them. One focus of the class will be to understand these relationships through the analysis of actual economic data.

2. Learning Goals

You will learn the following in this course:

1. How the availability of capital and labor affect a country’s standard of living.
2. How technological progress results in economic growth.
3. What determinates unemployment and inflation in the long run.
4. How government policy can affect unemployment and inflation in the short run.
5. What the role of the exchange rate is for economic aggregates.
6. How to analyze and present economic data.
7. How to use macroeconomic databases.

In general, you will learn how to use rigorous, mathematical models to evaluate claims and statements about the economy and economic policy. On the empirical side, you will learn how to obtain, carefully analyze real economic data and present it cleanly and concisely, and how to work on this in a team.

3. Course Staff

Professor:
Raphael Schoenle
Office hours: Wednesdays 1pm-2pm or by appointment (email).
Office: Sachar International Center 107-15
Email: schoenle@brandeis.edu
Teaching Assistants and office hour locations:

Xinyu (Annie) Li  Ryan Jang  
xinyu520@brandeis.edu  jryan859@brandeis.edu  
TBD  TBD

4. How to Contact Me

There are two options: First, you can come to my office hours. Second, you can contact me by email.

I will not respond by Google or Facebook chat, or any similar “new media.” I can also not accept Facebook friend requests. I currently do not use Twitter.

4. Prerequisites

Economics 20a is required to take this course. Knowledge of calculus at the level of Math 10a is also required. Every student taking Econ 82b must have either: (a) completed Math 10a with a grade of C- or better, or (b) scored at least 4 on the AP Mathematics AB test or at least 3 on the AP Mathematics BC test, or (c) passed a placement exam which the economics department administers at the beginning of each semester. You must meet all the prerequisites if you want to take this class. Fulfillment of the requirements will be verified by the economics department.

5. Class Schedule

There are two sections for this course. The lecture is on Monday/Wednesday at 2pm-3:30pm and 5pm-6:30pm. It is held in Lemberg Academic Center 55.

Teaching assistants will hold recitation sessions.  
Time: TBD  
Place: TBD

6. Required Readings


7. Coursework and Grading

Your grade will be based on your performance on quizzes, the final exam, problem sets
and the empirical exercises. There will be 3 short quizzes at the beginning of classes, 8 empirical exercises, and 3 problem sets. The final will count for 35% of your grade, the quizzes 15%, the problem sets 15% and the empirical exercises for 35%. Problem sets and empirical exercises are due at the beginning of lecture and as indicated on the syllabus. They will be returned in recitation or into a box outside my office. You can drop your lowest grade on one of the problem sets or one of the empirical exercises or one of the quizzes. If your grade average before the final exam is higher than your grade on the final exam, I will increase the weight on the pre-final grades by 5% to 70% and lower the weight of the final to 30%.

Success in this four-credit course is based on the expectation that students will spend a minimum of 9 hours of study time per week in preparation for class (readings, papers, discussion sections, preparation for exams, research, etc.).

8. Course Policies

The use of laptop computers or cell phones is not allowed in the classroom at any time.

9. Class Attendance and Participation

You are expected to attend class. In addition, you are expected to come to class on time and be attentive during class. I will randomly taken attendance. If you are absent more than 1 time without valid excuse, I will deduct one percentage point from your final grade score. An excuse is only valid if it will be deemed acceptable when stated in written form addressed to the chair of the department and myself.

10. Absence from Final Exam

Please note that the registrar’s office handles all absences from the final exam.

11. Late Problem Sets, Empirical Exercises and Missed Quizzes

Once solutions have been posted, problem sets and empirical exercises will no longer be accepted and a grade of zero will be given for any missing assignment. Moreover, if I state on the assignment or announce by email that an assignment is due at a certain time, no late submission will be accepted. This will be enforced even if the assignment is 1 minute late.

I understand that circumstances in life may prevent students from turning in an assignment or coming to class for a quiz, which is why you may drop the lowest grade on one of them. If illness or an emergency prevents a student from turning in an additional assignment on time or taking an additional quiz, I may at my discretion excuse a student. If excused, all other grades will be reweighted accordingly. If a student is unable to
attend lecture on the day an assignment is due, it is his or her responsibility to make alternate arrangements reasonably ahead of time to turn in the assignment. In any case that is not covered by these rules but that you think might warrant an exception, I require you to make your case for the acceptance of a late assignment in a brief meeting with the chair of the economics department. You will need to make your case in writing which will then be discussed in the meeting.

12. Collaboration and Academic Honesty

You are expected to be honest in all of your academic work. Please consult Brandeis University Rights and Responsibilities for all policies and procedures related to academic integrity. Students may be required to submit work to TurnItIn.com software to verify originality. Allegations of alleged academic dishonesty will be forwarded to the Director of Academic Integrity. Sanctions for academic dishonesty can include failing grades and/or suspension from the university. Citation and research assistance can be found at LTS - Library guides.

Students are expected to work with each other on the problem sets. However, the final write-up of answers you turn in have to be your own. If you collaborate with someone, please note their names on the problem set which you are turning in. Do not copy someone else's answer. You will gain nothing and will be in violation of Brandeis University rules.

Regarding the empirical exercises, students are in many cases required to work as a team. In these cases, please note the names of all your team members on the write-up which you are turning in. In cases when an empirical exercise does not require team-work, students are still encouraged to work with each other. The same rules as for problem sets apply then.

13. Special Accommodations

If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please contact Mr. Schoenle immediately. If you contact me five minutes before an exam or quiz, I may be unable to accommodate your needs at that moment.

14. Course Web Page

The course web page will be posted on the LATTE system. Course announcements, assignments, notes, and handouts will be posted on the page.

15. Supplementary Readings

You should read some current economic news sources to help you apply what you are
learning to current real world economic questions. *The Economist* or *Wall Street Journal* provide great sources of reading. There are also several good economics blogs online.
Course Outline

Week 1

Monday, August 31
Lecture: Class Organization, Introduction
Readings: *Macroeconomics and the Financial System* Ch 1 and 2

Wednesday, September 2
Lecture: Key Concepts in Macroeconomics
Readings: *Macroeconomics and the Financial System* Ch 2
Download Problem Set 1, and Empirical Exercise 0.

Week 2

Monday, September 7
No class.

Wednesday, September 9
Lecture: Key Concepts in Macroeconomics
Readings: *Macroeconomics and the Financial System* Ch 3
Download Empirical Exercise 1.

Week 3

Monday, September 14
No class.

Wednesday, September 16
Lecture: Economic Growth I: Capital Accumulation and Population Growth
Readings: *Macroeconomics and the Financial System* Ch 7
Download Problem Set 2, and Empirical Exercise 2. Empirical Exercise 0 due.

Week 4

Monday, September 21
Lecture: Economic Growth I: Capital Accumulation and Population Growth Continued
Readings: *Macroeconomics and the Financial System* Ch 7
Problem Set 1 due.

Wednesday, September 23
No class.

Week 5
Monday, September 28
No class.

Wednesday, September 30
Lecture: Economic Growth II: Technology, Empirics and Policy
Readings: *Macroeconomics and the Financial System* Ch 8
Empirical Exercise 1 due.

**Week 6**

Monday, October 5
No class.

Wednesday, October 7
Lecture: Economic Growth II: Technology, Empirics and Policy
Readings: *Macroeconomics and the Financial System* Ch 8

**Week 7**

Monday, October 12
Lecture: Quiz 1. Money and Inflation
Readings: *Macroeconomics and the Financial System* Ch 4

Wednesday, October 14
Lecture: Money and Inflation
Readings: *Macroeconomics and the Financial System* Ch 4

**Week 8**

Monday, October 19
Lecture: Money and Inflation Continued
Readings: *Macroeconomics and the Financial System* Ch 4

Wednesday, October 21
Lecture: The Open Economy
Readings: *Macroeconomics and the Financial System* Ch 5

**Week 9**

Monday, October 26
Lecture: Unemployment
Readings: *Macroeconomics and the Financial System* Ch 6
Wednesday, October 28
Lecture: Introduction to Economic Fluctuations
Readings: *Macroeconomics and the Financial System* Ch 9
Download Problem Set 3.

**Week 10**

Monday, November 2
Lecture: Introduction to Economic Fluctuations
Readings: *Macroeconomics and the Financial System* Ch 9
Empirical Exercise 4 due.

Wednesday, November 4
Lecture: Aggregate Demand I: Building the IS-LM Model
Readings: *Macroeconomics and the Financial System* Ch 10

**Week 11**

Monday, November 9
Lecture: Quiz 2. Aggregate Demand II: Applying the IS-LM Model
Readings: *Macroeconomics and the Financial System* Ch 11

Wednesday, November 11
Lecture: Aggregate Supply and the Short-run Tradeoff Between Inflation and Unemployment
Readings: *Macroeconomics and the Financial System* Ch 12
Empirical Exercise 5 due.

**Week 12**

Monday, November 16
Lecture: Aggregate Supply and the Short-run Tradeoff Between Inflation and Unemployment Continued
Readings: *Macroeconomics and the Financial System* Ch 12

Wednesday, November 18
Lecture: Stabilization Policy
Download Empirical Exercise 7 and 8.
Problem Set 3 due.

**Week 13**

Monday, November 23
TBD
Wednesday, November 25
No class.

**Week 14**

Monday, November 30
Lecture: The Economy at the Zero Lower Bound.
Readings: TBD.
Empirical Exercise 6 due.

Wednesday, December 2
Lecture: Quiz 3. The Economy at the Zero Lower Bound.
Readings: TBD.
Empirical Exercise 7 due.

**Week 15**

Monday, December 7
Lecture: The Role of Price Flexibility.
Readings: TBD.
Empirical Exercise 8 due.

Wednesday, December 9
Lecture: The Role of Price Flexibility. Review.
Readings: TBD.
Empirical Exercise 8 due.

**Final Exam Date: TBD.**
Please check the date with the Registrar’s Office that schedules the final exam.