ECONOMICS 20A
INTRODUCTION TO MACROECONOMICS
SYLLABUS

Course description: This course provides an introduction to macroeconomics. Macroeconomics is the study of overall or aggregate economic performance of national economies. The course will develop the main models economists use to understand the relationships between economic growth, unemployment, inflation, interest rates, and exchange rates in the long run and in the short run. The course will also focus on the role of government policy in promoting economic growth in the long run and in limiting the effects of business cycle fluctuations in the short run.

This course satisfies the School of Social Science distribution requirement.

Learning goals: This course has three broad goals. (1) Students should be able to apply the knowledge they have gained in this course to current macroeconomic events and to historical events such as the Great Depression. (2) Students will come out of this course better able to use basic macroeconomic principles to critically evaluate the arguments for and against fiscal and monetary policy proposals (e.g., tax cuts, infrastructure spending, the 2009 stimulus package, quantitative easing). (3) For those students who choose to take further economics courses, that this course will prepare them with the theoretical tools and knowledge to be successful.

There are also a number of more specific goals for mastery of the course concepts. What follows is a (partial) list. (1) Students will understand how the basic macroeconomic indicators (gross domestic product, the inflation rate, the unemployment rate) are constructed and be able to explain their limitations. (2) Students will understand the determinants of economic growth. (3) Students will be able to explain why the economy does not always remain at full employment but instead experiences the ups and downs of the business cycle. (4) Students will be able to predict the effects changes in monetary and fiscal policy will have on the economy. (5) Students will become familiar with important economic institutions, e.g., money, banks, central banks. (6) Students will be able to explain how and why the Federal Reserve Board goes about changing the money supply and short-run interest rates.

<table>
<thead>
<tr>
<th>Meeting time:</th>
<th>Section 1</th>
<th>Section 2</th>
<th>Recitation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MWTh 12:00-12:50</td>
<td>MWTh 1:00-1:50</td>
<td>Th 6:30-8:20</td>
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<tr>
<td>Classroom:</td>
<td>Golding 110</td>
<td>Golding 110</td>
<td>Olin-Sang 101</td>
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Office hours: MWTh 2:30-4:00, or appointment

Prerequisites: Econ 2a (with a B+ or higher) or Econ 10a.
Course materials: The text is Robert E. Hall and Marc Lieberman, *Macroeconomics: Principles and Applications*, 6th edition (South-Western Cengage Learning, 2012). In addition, EVERYONE who takes the course is REQUIRED to sign up for Sapling Learning ([http://www.saplinglearning.com](http://www.saplinglearning.com)). You will complete roughly half of the homework assignments for the course in Sapling. Information about how to sign up for Sapling will be distributed in class and posted in LATTE ([http://latte.brandeis.edu](http://latte.brandeis.edu)). Supplementary materials will be posted in LATTE on a topic-by-topic basis. You are also encouraged to keep up with current economic events by reading *The New York Times*, *The Economist*, the *Financial Times*, or listening to *National Public Radio* or the *BBC World Service*.

Grading: Grades will be assigned according to a curve of the raw course scores computed using the following formula:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
<th>Due Dates, Method</th>
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</thead>
<tbody>
<tr>
<td>Homework</td>
<td>10%</td>
<td>1 assignment most weeks</td>
</tr>
<tr>
<td>Online (Sapling)</td>
<td>10%</td>
<td>1 assignment most weeks</td>
</tr>
<tr>
<td>Paper</td>
<td>25%</td>
<td>2/13, during recitation</td>
</tr>
<tr>
<td>Midterm I</td>
<td>25%</td>
<td>3/19, during recitation</td>
</tr>
<tr>
<td>Midterm II</td>
<td>30%</td>
<td>TBD</td>
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Class participation can also influence your grade.

Homework: The homework assignments and due dates will be posted over the semester. Some of the paper homework assignments will function as study aids for the exams and will not be turned in. In computing your homework averages, I will drop the two lowest Sapling homework scores and the two lowest paper homework scores. This means you can skip up to two Sapling assignments and two paper homework assignments without direct penalty.

Exams: The topics and chapters covered on each of the exams are given in the course outline below. (Exam dates and/or topics are subject to change, at the discretion of the instructor.) The exams may include any material from class, the text and course supplements, and the homework. Sample exams will be posted in LATTE. Since the midterms will be given during the recitation period, please ensure you can make those dates. To help you track your progress over the semester, I will post rough grade distributions for each midterm in LATTE.

Policies.

Classroom etiquette: Students are expected to refrain from behavior that is disruptive to their classmates. Please do not talk to your neighbors during lecture and silence all laptops, cell phones, and other electronic devices.

Attendance: Class attendance is required and will be monitored over the semester. Recitation attendance is highly recommended.
Excused absences: If you experience an illness or family emergency that will keep you from attending class for a week or more, please contact your advisor in Academic Services. Your advisor will then inform me, along with your other instructors. At an appropriate time, we will determine what to do about the work you missed.

Suggestions for doing well.

Allocate enough time: Success in this 4 credit hour 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, etc.).

Attend class: In my experience, class attendance is one of the best predictors of exam, and therefore, class performance.

Prepare for class: Do the assigned reading before class to get a preview of the material to be covered and to prepare any questions you have about the material.

Take the homework seriously: The homework assignments provide the best indication of whether you understand the material and will help you prepare for the exams.

Keep up with the work: This class covers a lot of material in a single semester, and the concepts build on one another.

Seek help: If you are having difficulty with any of the course concepts, attend recitation and seek help from the course instructor or the T.A.s. The earlier the better.

Information dissemination: Course information will be posted in LATTE. You are responsible for checking the LATTE course page frequently. You will also need to check for homework due dates. Any significant changes to our schedule will be announced via email.

Contacting me: In addition to my office hours, the best way to contact me is via email. I check my email regularly. On the other hand, I do not routinely check my office voicemail when I am away from campus so I cannot guarantee a timely response to voicemail messages.

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 see me right away. Please keep in mind that accommodations cannot be provided retroactively.

Academic integrity.

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. 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.

Homework: You can work on the homework with other students in Econ 20a. But what you turn in must represent your own work, not simply a copy of another student’s assignment.
Course Outline

1/13: Course Introduction chs. 1 & 5

I. Macroeconomic Measurement & Policy Goals

1/15, 16 & 22: Production & Income (GDP) ch. 6 (pp. 134-52)
1/23 & 27: Unemployment ch. 6 (pp. 153-64)
1/29 & 30: The Price Level & Inflation ch. 7 & appendix

II. Classical Theory: The Economy in the Long Run

2/3, 5 & 6: The Classical Model
2/3: Equilibrium GDP & the Circular Flow ch. 8 (pp. 198-212)
2/5: Savings & Investment
2/6: The Loanable Funds Market & Resource Allocation ch. 8 (pp. 213-224)

2/13: Midterm I on the material listed above, in the recitation period

2/10, 12 & 13: Economic Growth & Productivity ch. 9
2/24, 26 & 27: Money, Banks & Central Banks ch. 13 (pp. 356-75)

3/2: Money Growth & Inflation
3/4: Nominal Interest Rates & Asset Pricing
3/5, 9 & 11: Exchange Rates ch. 17

3/19: Midterm II on the material since Midterm I, in the recitation period

III. Business Cycle Theory: The Economy in the Short Run

3/12 & 16: The Business Cycle ch. 10
3/23 & 25: Expenditure & Tax Multipliers & Fiscal Policy ch. 11 (pp. 306-16) & ch. 12 (pp. 327-34)
3/26 & 30: The Money Market & Monetary Policy ch. 14
4/1, 2 & 6: The Aggregate Supply-Aggregate Demand Model ch. 15
4/7 & 20: Inflation & Monetary Policy ch. 16
4/22 - 29: Debt & Macroeconomic Crises (as time permits)
4/22 & 23: Financial Crises ch. 12
4/27: Government Debt & Fiscal Crises ch. 17 (pp. 493-514)
4/29: International Debt Crises

TBD: Final exam