COURSE OVERVIEW

The main purpose of this course is to introduce you to the field of macroeconomics. This involves the study of the overall economy, focusing on aggregate variables such as output, inflation, interest rates, budget and trade deficits, etc. These variables support three key macroeconomic goals: full employment, economic growth and price stability. Employment guarantees that those willing and able to work can find jobs, growth ensures that material standards of living rise, and a low and stable rate of inflation aids individuals in planning for the future. Understanding these processes is the first step towards designing policies to improve macroeconomic performance. As a result, attention shall also be devoted to the role of the government in a market economy, evaluating the adequacy of its policies. This analysis will resort to real-world applications and, naturally, economic theory. In this context, one other key purpose of this course is to introduce you to the main tools of economic reasoning. This is built around deductive logic, using simple algebraic and graphical instruments to explore the trade-offs and incentives behind decision processes. This mode of critical thinking enables us to move from vague and rambling assessments of reality to the analytic, systematic and objective approach that characterizes the science of economics. Hopefully, by the end of the course you will have gained a better comprehension of the economic decisions that pervade your personal lives, as well as those faced by society at local, national and even global levels.

LEARNING GOALS

Upon completion of this course, a student should be able to

- understand how key economic variables like gross domestic product, inflation and unemployment are measured;
- discuss how fiscal policy affects consumption, investment and, more generally, macroeconomic outcomes;
- evaluate how monetary policy influences the general price level and inflation, as well as other macroeconomic variables;
- identify the major drivers of long run economic growth;
- show enough proficiency in the use of formal macroeconomic theory, including the aggregate demand and supply model, Keynesian multipliers, neo-classical growth theory, etc.
TIME AND LOCATION

Lectures: Monday and Wednesday, 2:00 pm - 3:20 pm, Olin-Sang Amer Civ Ctr 101
Recitations: Monday, 6:30 - 8:20 pm, Olin-Sang Amer Civ Ctr 101

Class attendance is not mandatory. However, regular attendance is strongly recommended. Some of the material covered in class may not be in the textbook and you are likely to perform very poorly if you miss lecture.

CONTACT INFO

Instructor: Professor Nelson Sâ
Office: Lemberg Academic Center, 161
Email: nesa@brandeis.edu
Office Hours: Monday, 3:45 – 5:00 pm
Tuesday, 3:45 – 5:00 pm
Wednesday, 3:45 – 5:00 pm
Thursday, 3:45 – 5:00 pm
or by appointment
Student Lunches: Wednesday (12:00 pm) or Thursday (12:00 pm)

Teaching Assistants: Ella Mao (ella1120@brandeis.edu)
Gerry Press (gpress2000@brandeis.edu)
Kexin Zhang (kzsteph@brandeis.edu)
Matthew Zieff (mzieff@brandeis.edu)

COURSE WEB PAGE

The material for the class will be posted on LATTE: https://moodle2.brandeis.edu/
Any schedule changes will be announced by email.

TEXTBOOK

Additional readings will be posted as needed (all readings are required). I also encourage you to regularly read publications on current economic activity, such as the Wall Street Journal, the Financial Times or the Economist.
**PREREQUISITES**

ECON 2A with a B+ or higher or ECON 10A. May not be taken for credit by students concurrently with or after they have taken ECON 82B.

**GRADING SCHEME**

Problem Sets (seven planned): 15%
Two Midterms (during recitation): 25% each
Final Exam (cumulative): 35%

Individual assignment and test grades follow an absolute (i.e., not curved) scale, but the resulting average is curved by the end of the semester in order to determine the course's letter grade. There are no strict cutoffs, but the following guidelines may be useful:

- the class average is typically set as either a B or B+;
- the percentage of A's (A-, A, and A+) is typically set as 33.3% of the class, but it can be slightly higher if the overall performance is good;
- the percentage of grades below a B- is typically not larger than 15% of the class;
- failing is uncommon and typically it only occurs if you show almost no work in tests (for instance, scores consistently less than 10%) or if you cheat.

Please read the following additional instructions carefully:

1. **There are no makeup exams, but you may drop the lowest midterm grade.** If you drop one midterm, the final exam will count for 60% of the grade. Whichever grading scheme gives you the highest grade will be automatically used in determining the course grades.

2. **No late problem sets are accepted.** Your lowest problem set grade will be dropped. Clarification may be provided for questions, but you should first try answering problem set questions on your own or with your colleagues.

3. All grades will be posted on LATTE. Check these regularly to confirm that you have appropriately received credit for your problem sets.

4. **Academic dishonesty is not tolerated.** 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 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.
5. Course grades are **not negotiable**. It is **inappropriate** to request special consideration at the end of the term with respect to your grade.

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

7. 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 discuss this with me well in advance of any examination.

**COURSE SCHEDULE**

I. Introduction
   1. The Scope and Method of Economics (Chapter 1)

II. Concepts and Problems in Macroeconomics
   1. Introduction to Macroeconomics (Chapter 5)
   2. Measuring National Output and National Income (Chapter 6)
   3. Unemployment, Inflation, and Long-Run Growth (Chapter 7)

III. The Core of Macroeconomic Theory
   1. Aggregate Expenditure and Equilibrium Output (Chapter 8)
   2. The Government and Fiscal Policy (Chapters 9 and 14)
   3. Money, the Federal Reserve, and the Interest Rate (Chapter 10)
   4. Aggregate Demand, Aggregate Supply, and Price Level (Chapters 11 and 12)
   5. The Labor Market in the Macroeconomy (Chapter 13)

IV. The World Economy
   1. Open-Economy: The Balance of Payments and Exchange Rates (Chapter 19)

V. Further Macroeconomics Issues
   1. Long-Run Growth (Chapter 16)
### MIDTERMS AND PROBLEM SETS SCHEDULE *

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<tr>
<th>Date</th>
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<tr>
<td>September 5</td>
<td>PS 1 Posted</td>
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<td>September 17</td>
<td>PS 1 Due</td>
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<td>September 26</td>
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<td>October 10</td>
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* This schedule is tentative and may be subject to adjustments as the semester progresses.