Purpose and Overview
The goal of the course is to help you understand the basics of macroeconomic analysis, so that you can use that knowledge to understand and apply what you read and hear in the news. My expectation is that students will learn how to think analytically about macroeconomics. By working through a variety of issues, you will learn to critique models and see what questions they can answer and what questions they cannot. This will help you see why there can be so much disagreement and why exactly the disagreement occurs. We will also make some small use of statistical methods and show how these can be important in thinking about macroeconomics.

Often, these models indicate what remedies, if any, are likely to work to solve a given problem. In economics, some models are based on individual agents and families making decisions, and so they are microeconomic models. The models are designed to explain why agents behave as they do and how that behavior affects those around them.

Other models, such as those we will look at here, abstract from the individual decision makers to think about the economy as a whole. These are macroeconomic models. The abstraction is critical to finding a way to make the problem simple enough to talk and think about.

Within macroeconomics, there are two large areas of policy that we will touch on. The first is growth theory – why do some countries grow faster than others? Why are some countries so poor year after year? We will spend a few weeks on these important questions before we turn to the smaller, though still important, issues of business cycle theory. These are theories that attempt to explain why economies expand and contract causing booms and recessions. Ever since the Great Depression, this has been the dominant focus of macroeconomic research and far and away the thing that dominates the nightly news or weekly papers. Even though these cyclical swings pale in comparison to the long term growth trends, they can be devastating in their own right and so we need to understand them better as well.

Textbooks
The text is Farrokh Langdana’s Macroeconomic Policy book. You will want to get a copy but we will only be using it for the part of the course on business cycles, so you have 2-3
weeks to get a copy. For the first part of the class, on growth theory, we will just operate off of class notes, available through Blackboard.

**Prerequisites**

*I highly recommend that you complete the managerial economics class first.* The simple models of supply and demand developed there are a great toolkit when approaching the much more vexing questions of how to study a whole economy at once. I also will assume that you have completed some introductory statistics and can do algebra. Although we use very little calculus in the class, some students find that they need to refresh their algebra in order to do well in the class. We use a fair bit of basic mathematical thinking, at a level all of you can handle.

**Grading**

The class will involve a variety of opportunities for you to learn to do the material and for which you will be evaluated, but will not be a large part of your final grade. In order to practice the material and prepare for the tests, we’ll have the following assignments:

- Problem sets submitted about every second week
- Short, online quizzes more weeks than not. We’ll go over the answers in class. These will focus on readings and the prior lecture.
- Short one-paragraph write-ups on WSJ articles you find related to class material

*Your grade is determined by the problem sets being completed (10%), quiz completion (10%), online submissions of articles (10%), two midterms, and the final exam (70%).* The tests will draw heavily from the problem sets, readings, and the in-class quizzes. In some cases, students who do well on other classroom assessments perform poorly on the final. Or students perform poorly on the midterms but excel on the final. Thus the 70% of your grade from tests will be weighted towards the tests you do better on. Although the course has a large test component, one bad experience on a test should not ruin your grade.

Problem sets are merely graded on them being turned in online, and we drop one of these scores so you may skip one of them with no explicit penalty. Your lowest quiz grade will also be dropped. This is your leeway for problems that prevent you from doing the assignments, so make good use of it.

You are encouraged to work together on homework but each assignment should be submitted independently. Also, there will be handouts designed to help you work through the assignments. Use those opportunities to really learn the material. If you are just copying answers down, you are going to get eaten alive on the tests. Assignments should be completed on time to be graded. Late work may be penalized substantially.

**University Policy**

The university has policies on the Honor Code, plagiarism, discrimination, harassment, and accommodating those with disabilities. This class will adhere to those policies and students need to be familiar with them.