Course Objectives: The primary objectives of this course are three-fold. The first objective is to give you a better understanding of the world in which you live. Economists, like most other scientists, see the world as a place that is full of mysteries to be explained. By the end of the semester, you should have a good idea of the central mysteries that macroeconomists seek to understand. Put differently, the course will introduce you to the central body of topics and theories that constitute macroeconomics. A second objective of the course is to make you a more astute participant in the economy. Economic analysis provides a useful framework to guide decision making - at least economists think so. This course should help develop your ability to think critically and to apply economic reasoning. As a result, you should be better able to understand and evaluate public policy decisions, as well as to analyze personal and professional decisions you may face in the course of your daily lives. Finally, a third objective of the course is to further your understanding of the potential and limits of economic policy. As voters and citizens of a wider community, we are often called upon to guide the allocation of society’s resources. What you learn in this course should help you understand policy discussions and evaluate policy alternatives for a wide range of macroeconomic issues.

Prerequisite: ECON 101 - Principles of Microeconomics.

Course Description: We will start the semester with a review of some of the more important concepts you learned in your ECON 101 (Principles of Micro) course. We will then turn to the topics of macroeconomics. We will first develop a long-run theory of the aggregate economy, and then focus on explaining short-run fluctuations around the long-run trend. Along the way we will address such questions as: Why are some countries rich and others poor? Why do some countries have high rates of inflation while others have stable prices? Why are jobs easy to find in some years and hard to come by in others? How does a government budget deficit affect the economy? What is the Fed and what does it do? Is there any economics behind the Bush tax cut? Is social security in jeopardy? Is there a “new economy”? Has the Fed lost its influence over the economy? Etc. As time and interest permit, we will depart from textbook matters to discuss issues and current events related to the course. If you have questions regarding the economic content (or lack thereof!) of anything you read or hear about, I encourage you to bring them up in class, in my office hours, or via email.

Textbook: The required text for the course is N. Gregory Mankiw’s *Principles of Macroeconomics*. I recommend that you purchase - and use! - the study guide that accompanies the text. If you want to master material, you have to practice answering questions and solving problems. Working through the study guide should help you in this regard. As an incentive to encourage this behavior, I hereby promise to draw a significant number of test questions (possibly slightly modified) from the study guide.

Attendance: In order to succeed in this course, it is very important that you attend class. Attendance will affect your grade implicitly via your performance on homework and exams. It will also affect your grade explicitly. At the end of the semester, unexcused absences ($ua$) will add to or deduct from your semester total by the following amount: $A = (2 - ua)\%$. Thus, a student with zero unexcused absences will receive a bonus of 2%. A student with 4 unexcused absences will have 2% deducted from their semester total. Etc. An absence will be considered excused if you provide a doctor’s note or evidence of some other emergency, event, or university sponsored activity that adequately explains your absence.

Study Habits: Students should plan to dedicate weekly study time outside of class to reading, review of your class notes, and applied exercises. Relevant chapters from the text and any other assigned materials are to be read prior to lecture. If you don’t come to class prepared, you’re likely to find the lectures difficult to follow.
the undergraduate level, students are typically expected to spend at least two hours studying outside of class for every hour spent in class. For the purposes of this course, this guideline should be taken seriously. Each week, students should review their lecture notes, complete practice exercises, and bring any questions or concerns to my attention for review.

Active Engagement: If you are actively engaged in the classroom you are much more likely to learn and to enjoy the course. Participation in class is therefore very important. I encourage you to ask questions in class - especially if you are confused or unclear about what we are doing and/or why we are doing it. Please also feel free to comment on any of the material we cover and even to ask questions about economic items of interest that aren’t directly related to the course. If time permits, I’m happy to take a detour.

Evaluation Procedure: Students will be evaluated based on a series of exams, homework, a paper, and development of a web page.

Exams: There will be two non-cumulative “midterm” exams during the regular semester, and a comprehensive final exam during finals week. If you miss one of the scheduled tests, your final exam may be re-weighted accordingly to serve as a make-up. Re-weighting will be offered only to those students with valid, verifiable excuses for their absence, and only if I am notified in a timely manner (i.e., prior to the exam missed or as soon as possible thereafter). What will exams look like? There will be multiple choice and short answer questions, as well as problems. Many of the questions will be taken from the study guide or will have been asked during the course of lecture. Thus, you should have a good idea what to expect.

You may request in writing to have your test re-graded. To do so, submit your test to me within one week’s time of the date on which it was returned to you. Include a cover letter indicating how you were mis-graded. I reserve the right to re-grade the exam as a whole, but am unlikely to do so if your request is legitimate. Thus, while it is possible to get a lower grade after a re-grade, this outcome is highly unlikely if you are making an honest request. If an obvious error in grading has been made (on a multiple choice question, or in miscalculating a score, for example), you need not submit a written request. Just come see me and I’ll make the correction immediately.

Homework: Homework will occasionally be assigned and sometimes collected for grading. These assignments will often entail collection of data from the web for analysis and/or display, and may involve use of a spreadsheet. If you have not had experience using a spreadsheet and would like some assistance, I will be happy to help you.

Paper: Students are required to write a short paper, of at least 1500 words (5+ pages, double spaced, 1 inch or less margins, at least 12 point typeface). The topic should be current and related to macroeconomics, such as the Bush tax cut, social security reform, monetary policy, the “new economy,” etc. Paper topics are due by Wednesday, November 6. Papers are due Monday, November 25. Your work must demonstrate some research, either on the Internet, or in articles, newspapers, etc. It cannot simply be done using your text.

Home Page: Students must construct a home page display for the World Wide Web. On that page, you should outline some current topic and list at least six related sites that a principles of macroeconomics student might visit. For each linked site listed, you should write a few sentences in your own words that describe its content and indicate why it is interesting. If you have no idea how to create a web page, there’s no need to panic! In principle, it’s not that difficult. You need to know how to do two basic things: (1) You need to know how to make a document that a web browser can interpret. (2) You need to know how to transfer your document to your user account and you need to know where to put it (in your “pub” directory). UMBC’s Office of Information Technology (OIT) has some helpful information about building web pages on their site. This assignment is intended to introduce you to a few of the many interesting economics-related sites on the internet, as well as to increase your interest in economics. It is not intended to be an exercise in frustration. So, if you run into any trouble learning how to build and publish a page, come see me. I’m happy to help anyone who needs it. You should have a page established, with or without any content and links, and a topic chosen by Wednesday, November 6. Your completed pages are due Wednesday, November 20.
Tentative exam and due dates are as follows:

“Midterm” Exam 1: Wednesday, October 2
“Midterm” Exam 2: Wednesday, November 13
Paper: topics due Wednesday, November 6; papers due Monday, November 25
Home Page: shell and topic due Wednesday, November 6; pages due Wednesday, November 20
Final Exam: TBA

Grading: Your homework average, paper score, and home page score will be equally weighted and averaged to give a non-exam average, \( n \). Your “midterm” exams will also be equally weighted and averaged, to give a “midterm” average, \( m \). Your total exam average, \( e \), will be found by averaging your “midterm” average, \( m \), and your final exam score, \( f \), the larger counting twice and the smaller once: \( e = \frac{2\max\{m, f\} + \min\{m, f\}}{3} \). Your total course average, \( t \), will then be computed according to \( t = 0.15n + 0.85e + A \). Your total course average, \( t \), will be subject to the following grade guarantees: A if \( t \geq 90 \); A or B if \( t \geq 80 \); A, B, or C if \( t \geq 70 \); A, B, C, or D if \( t \geq 60 \). Actual grade cut-off lines may (or may not) turn out to be a little lower.

Extra Credit: Looking for extra credit? Prepare a letter to the editor of the Sun, or some other comparable newspaper. A decent submitted letter (related to macroeconomics, of course, and quality-controlled by me) will raise your semester average by 1%. If your letter is published, your average will be raised an additional 1%. Letters must be mailed to the editor by December 2, and published by December 12.

Academic Integrity: Academic integrity is of the utmost importance. As members of UMBC’s scholarly community, it is essential for all of us to practice and promote high standards of thoughtfulness and honesty in our work. I will do my best to foster a classroom environment consistent with achieving these aims, and expect the same of you. Violations - including, but not limited to, cheating, fabrication, facilitating academic dishonesty, and plagiarism - will be punished in accordance with university policy and procedures. Please see the UMBC faculty or student handbook if you are unfamiliar with these rules. In cases of academic misconduct, possible sanctions include, but are not limited to, (1) failure for the course, and/or (2) a note that academic misconduct occurred in the permanent record, and/or (3) expulsion from the university.

Drop Deadlines and Incomplete Grades: As published by the Office of the Registrar, the last day to drop without a transcript W is September 25. The last day to drop without withdrawing from all classes is November 6. Grades of “incomplete” will only be “given under exceptional circumstances for course work that is qualitatively satisfactory but, for reasons beyond your control, cannot be completed.”

Course Web Site: There is a link on my web-site (www.research.umbc.edu/~bewilson) for this course. I will post power point presentations, copies of hand-outs distributed in class, as well as announcements, exam scores (by ID only, not by name), and other items of interest as they come up during the semester.

Course Outline:

I. Introduction. Chapters 1 and 2.
II. Micro Review.
III. The Data of Macroeconomics. Chapters 10 and 11.
IV. The Real Economy in the Long Run. Chapters 12, 13, and 14.
VI. The Macroeconomics of Open Economies. Chapters 17 and 18.
VII. Short-Run Economic Fluctuations. Chapters 19, 20, 21.
VIII. Miscellaneous Final Thoughts and Debates. Chapter 22.

Other Items: If you think you are having any problems with the course, please see me as soon as possible so that we can try and get you on the right track. In addition, please keep in mind that while there is specific material that we need to cover to fulfill the course objectives, we can certainly deviate from the above outline on occasion. If there are any topics or issues not listed above that you would like to discuss, or if you have any questions, please just let me know and I will try to adjust our schedule accordingly.