

Syllabus
ECON 321 – Intermediate Macroeconomics
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Text

Hubbard, R. Glenn, Anthony O'Brien, and Matthew Rafferty. *Macroeconomics*. 2nd Edition, Pearson Prentice Hall, 2014.

Course Description

While we will learn macroeconomic theory, I plan to emphasize real-world events and policy issues. Quoting the authors, "...we believe it is important for the course to move from emphasizing models for their own sake to using theory to understand real-world, relevant examples and current policies that are in today's news headlines.

Intended Student Learning Outcomes

You will learn more than the following list, but we have the following ten specific student learning outcomes for the intermediate macroeconomics course:

1. Students will be able to explain and use the IS-MP Phillips curve macroeconomic model (IS represents equilibrium in the economy's goods market, MP represents monetary policy, and the Phillips curve represents the relationship between inflation and unemployment or the output gap) to analyze the effects on the economy of demand shocks to spending, supply shocks to cost, fiscal policy, and monetary policy. Students will be able to explain and apply the model to a closed economy and to an open economy with either floating or fixed exchange rates.
2. Students will be able to explain how economists look at business cycles. Specifically, students will be able to explain how to measure business cycles, how to use Okun's Law to estimate the impact of business cycles on cyclical unemployment, and how the multiplier effect amplifies the impact of spending shocks on real GDP.
3. Students will be able to explain the risk structure of interest rates and why long-term real interest rates rose in the U.S. during the financial crisis even though the Federal Reserve pushed short-term nominal interest rates nearly to zero. Students will then be able to explain why the Federal Reserve pursued quantitative easing and forward guidance.
4. Students will be able to explain the yield curve (term structure of interest rates) and what its slope indicates about future expected short-term interest rates and future expected inflation.
5. Students will be able to explain why bank runs occurred in the U.S. during 2007-2009 on investment banks, and the role played by high financial leverage, contagion, and asset deflation in the ensuing financial crisis. Students will then be able to explain the reasons for the numerous policy responses during the financial crisis by the Federal Reserve.
6. Students will be able to explain the balance of payments between the U.S. and the rest of the world and why net financial capital flows into the U.S. results in U.S. trade deficits.

7. Students will be able to explain the policy trilemma where a country cannot have an independent monetary policy when they have free capital flows and fixed foreign exchange rates.
8. Students will be able to explain and apply the quantity theory of money to causes of inflation in the long run and the Fisher equation to the impact of inflation on nominal interest rates.
9. Students will be able to explain the government budget constraint and describe the three ways governments can pay for government purchases, government transfer payments, and interest payments on the debt. Students will be able to distinguish the primary budget deficit from the (total) budget deficit and why it is important to do so in determining the sustainability of fiscal policy.
10. Students will be able to summarize the current macroeconomic situation and issues in the world with special emphasis on the United States, the Eurozone, England, Japan, and the BRIC (Brazil, Russia, India, & China) nations. Students will be able to access and graph financial and macroeconomic data using websites such as FRED (Federal Reserve Economic Data), the CIA World Factbook, Yahoo! Finance, Bloomberg.com and others.

Active Learning

Learning is not a spectator sport. In this class you will be engaged in your learning. You will come to each class prepared and you will write and talk about what you are learning.

Regularly, you will work together with your classmates during class. I will ask you to compare answers to a problem or work together on a question with another student, or group of students.

Grading System

Your grade will be determined by two categories of work: (1) class preparation assignments and (2) class participation and exams.

Course Grade	CPAs	Exams & Class Participation
A	Credit for 22 of the 24 assignments	360 – 400 points (90% - 100%)
B	Credit for 19 - 21 of the assignments	320 – 359 points (80% - 89%)
C	Credit for 17 - 18 of the assignments	280 – 319 points (70% - 79%)
D	Credit for 15 - 16 of the assignments	240 – 279 points (60% - 69%)
F	Credit for < 15 of the assignments	Below 240 points (< 60%)

If you earn 90% on class participation and exams, but earn credit for only 17 of the CPAs, you will receive a C in the course, because the C is the highest level at which you met or exceeded the standards for both categories of work. **You must meet the standards in both categories separately; the two categories of work are not added together.**

Class Preparation Assignments (CPAs)

There will be 24 class preparation assignments (CPAs). For each assignment you will have to answer questions over the assigned reading and bring to class two copies of your answers – one to hand to me at the beginning of class and one to use and expand on during class. To earn credit for a CPA you must:

1. Give a good faith effort on each and every question.
2. Bring two copies of your answers to class, and give me one copy before class starts.
3. Attend class to modify and expand your answers and add value to the discussion.

If you do not show a good faith effort on all of the assignment's questions, or you do not bring two copies of your answers, or you do not give me one copy before class starts, or you miss class (even if you have answered all of the assignment questions), you will not earn credit for that CPA.

Before class starts, place one copy of your CPA answers on the table in front of the class. If you come to class more than five minutes late, then you will be counted as tardy. Two tardies will equal one absence, meaning that you will not receive credit for the CPA on the second tardy. If you miss class, be sure to get the CPA for the next class.

Exams

There are three exams worth a total of 300 points. The exams cover material from class, the text, and any additional assigned readings. Each exam will consist of short-answer essays/problems. The final exam will be cumulative, but will emphasize material since the second exam. If you miss an exam, you will receive a zero if you do not have an excused absence. If you have an excused absence, the make-up exam will be given soon after the missed exam or if too much time has passed, the final exam will serve as the makeup.

Exam 1 (100 points)	Monday, March 3
Exam 2 (100 points)	Monday, April 14
Final Exam (100 points)	Friday, May 9, 11:30-2:30

Class Participation

100 total points will be based on class participation. We learn by being actively involved and engaged, and we therefore expect you to come to class prepared. We will ask many questions. Class participation is designed to engage you in the learning process, and to maximize what you learn in this class. Also, we will do a lot of work in class that involves writing, speaking, critical thinking, and working in teams.

Class participation grades will be assigned based on the following criteria:

A: 90 - 100	A leader! Student is actively engaged in every class. Answers multiple questions each class. Excels at answering the harder questions. Always prepared. Works well with his or her team. Leads and listens well. Produces excellent products in class.
B: 80 – 89	A leader sometimes. Student frequently participates in class, but does not excel every class. Answers many questions; sometimes answers the harder questions. Prepared most of the time, but not always. Performance is good, but not consistently excellent. Works well with his or her team. Produces quality products in class.
C: 70 – 79	Mr. or Mrs. Mediocre. Student attends class and answers some questions, but performance is not consistent. Student is engaged in some classes and disengaged in others. Student answers correctly most questions I ask, but does

little beyond that. Student knows the basics from the CPAs, but cannot go beyond that. Works well with his or her team, but not a leader. Expects and accepts mediocre performance from himself or herself.

D: 60 – 69

A problem. Student attends class. Only answers questions that I ask. Student pays attention in class, but reluctantly participates. Student seldom volunteers to answer questions. Student is present in class, but rather passive. Adds little to his or her team or to class for that matter.

F: < 60

A walking disaster. Student does not attend all classes. Seldom answers questions correctly even when asked. Comes to class unprepared to answer the basic questions from the CPAs. Seldom volunteers for anything, very passive, sometimes disruptive behavior. Usually seems to be present only in body, but not in mind and spirit. Takes notes and hopes that he/she will not have to speak. Adds nothing to class or to his or her team.

Attendance

We expect you to attend class. If you do not attend class, you will not receive credit for that day's CPA. We also expect you to come to class on time and stay until the end of class. If you arrive in class more than 5 minutes late, you are tardy and two tardies equal one absence. If you leave class early, you are a "two-percenter" and two "two-percenter" actions equal one absence.

Excused Absence

An absence will be excused with a doctor's note. All SNC Sport Team members must inform and make arrangements in advance when assignments and exam dates conflict with competition schedule.

Laptops, Cell Phones, and Professional Behavior

I expect professional behavior.

Before you come to class, turn your cell phone wireless connection off. It uses bandwidth and interferes with Skype. It is okay to have your cell phones on vibrate in case of an emergency. No text messages. No iPods; no earphones. You can use your laptop for taking notes. You cannot use your laptop for viewing the internet.

ADA

In accordance with the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973, students with a documented disability are eligible for support services and accommodations. If a student wishes to request an accommodation, please contact the Director of Academic Support Services, Henry Conover, at (775) 831-1314 x7534, hconover@sierranevada.edu or go to the OASIS offices on the third floor of Prim Library within the first week of the semester.

Academic Policies

The current University catalog and relevant College/School handbooks delineate pertinent academic policies, including academic and professional integrity. The catalog is available on-line at <http://www.sierranevada.edu/home.php>. Each student is responsible for compliance with these policies.

Student Honor Code

The faculty of SNC believes students must be held to high standards of integrity in all aspects of college life in order to promote the educational mission of the College and to encourage respect for the rights of others. Each student brings to the SNC community unique skills, talents, values and experiences which, when expressed within the community, contribute to the quality of the educational environment and the growth and development of the individual. Students share with members of the faculty, administration and staff the responsibility for creating and maintaining an environment conducive to learning and personal development, where actions are guided by mutual respect, integrity, responsibility and trust. The faculty and students alike must make diligent efforts to ensure high standards are upheld by their colleagues and peers as well as themselves. Therefore faculty and students accept responsibility for maintaining these standards at Sierra Nevada College and are obligated to comply with its regulations and procedures, which they are expected to read and understand.

Consequences of Violating the Student Honor Code

SNC students and faculty share the responsibility for maintaining an environment of academic honesty. Thus, all are responsible for knowing and abiding by the SNC Faculty/Student Honor Code published in the current SNC Catalog. Faculty are responsible for presenting the Honor Code and the consequences of violating it to students at the start of their classes AND for reporting all incidences of academic dishonesty to the Provost. Students are responsible for knowing what constitutes CHEATING, PLAGIARISM and FABRICATION and for refraining from these and other forms of academic dishonesty. Violations of the Honor Code become part of a student's academic record.

1st Offense: Student receives a zero for assignment/exam and counseling with faculty on the honor code, consequences for violating the honor code, and the value of academic honesty in learning.

2nd Offense: Student fails course and receives counseling with faculty on the honor code, consequences for violating the honor code, and the value of academic honesty in learning.

3rd Offense: Student is expelled.

The SNC Email System

The SNC email system is the official communication vehicle among students, faculty members and administrative staff and is designed to protect the confidentiality of student information as required by the Family Educational Rights and Privacy Act of 1974 Act (FERPA). Students should check their college email accounts daily during the school year.

Students have a right to forward their SNC e-mail to another e-mail account (for example, @hotmail or @gmail). However, confidentiality of student information protected by FERPA cannot be guaranteed for SNC e-mail forwarded to an outside vendor. Having email redirected does not absolve a student from the responsibilities associated with official communication sent to his or her SNC email account.

The Mission Statement

Sierra Nevada College graduates will be educated to be scholars of and contributors to a sustainable world. Sierra Nevada College combines the liberal arts and professional preparedness through an interdisciplinary curriculum that emphasizes entrepreneurial thinking and environmental, social, economic and educational sustainability.

The Core Themes of our mission statement are:

Liberal Arts
Professional Preparedness
Entrepreneurial Thinking
Sustainability

Course Outline

I: The Macroeconomy and the Financial System

1. Ch. 1, “The Long and Short of Macroeconomics”
2. Ch. 2, “Measuring the Macroeconomy”
3. Ch. 3, “The U.S. Financial System”
4. Ch. 4, “The Global Financial System”

II: Money and Inflation in the Long Run, and the Labor Market

1. Ch. 7, “Money and Inflation”
2. Ch. 8, “The Labor Market”

III: Macroeconomics in the Short Run: Theory and Policy

1. Ch. 9, “Business Cycles”
2. Ch. 10, “Explaining Aggregate Demand: The IS-MP Model”
3. Ch. 11, “The IS-MP Model: Adding Inflation and the Open Economy”
4. Ch. 12, “Monetary Policy in the Short Run”
5. Ch. 13, “Fiscal Policy in the Short Run”

IV: Budget Deficits, the National Debt, and the Sustainability of Fiscal Policy in the Long Run

1. Ch. 15, “Fiscal Policy and the Government Budget in the Long Run”