

# ECON 3150: Intermediate Macroeconomics

## Spring, 2016

### Syllabus

This syllabus is subject to change at any time at my discretion.

## 1 Contact

Instructor: Randy Cragun  
Office: Sirrine 417  
email: rragun@clemsn.edu  
Office hours: by appointment  
(Monday and Wednesday before class are the best times for me)  
Course information: [http://randycragun.com/3150\\_spring\\_2016.html](http://randycragun.com/3150_spring_2016.html) and Blackboard

## 2 Course Details

Meeting time: 2:00 pm – 3:15 pm TR  
Meeting place: Brackett Hall 224  
Course duration: 2016-01-06 – 2016-04-29  
Recommended textbook: N. Gregory Mankiw. *Macroeconomics*, 9th edition (or earlier edition). I highly recommend you get this (or another textbook at a comparable level) to read. It will not technically be required.

## 3 Prerequisites

Formally ECON 2120 (introductory macroeconomics) is a prerequisite for this course. However, the course catalog suggests that students taking a BS in economics should take this course without having taken ECON 2120. Thus I will be teaching this course as if you have general knowledge of economics, but I will not build on explicit knowledge of macro from the beginning course. This course differs from the introductory course primarily to the extent that the content will be more difficult and the expectations on your performance more severe.

Rather than worrying about your current knowledge of macroeconomics, you would be best served by having taken 2110, 3140, or both (*microeconomics*). The ideas in *microeconomics* are the basis for everything we will cover, and there will not be time to give you a thorough understanding of them if you do not have it now. If you have a poor background in microeconomics, please let me know so that I can recommend some reading (the first chapter of our textbook is a good place to start).

You should also be comfortable with math. These concepts and procedures will be important:

- Functions and function notation
- Graphing (you might be surprised by the graphing skills that you lack)
- Simple derivatives (if you have not studied calculus, the concepts in this course—and the rest of life—will be more difficult but not impossible).

- Logarithms, exponential growth, and percent changes
- General algebra and arithmetic (solving equations, combining functions, etc.)

The main determinant of your success in this class (in addition to your effort) will be your ability to reason clearly. Thus, rhetoric, logic, or argument classes would be useful.

## 4 Objectives

From the course catalog: “Macroeconomic problems of inflation and unemployment are focal points. Includes statistics (measures of real output and the price level) and theory (covering the sources of short-run fluctuations and long-run growth). Analyzes appropriate public policies addressing these issues.”

I am an expert on economic growth and technological development, so I will try to share my knowledge on that subject with you, which means that this course will cover more long-run growth than usual. However, short-run fluctuations in economic activity will still take up about half of class time.

My goal is that you will leave this class with the ability to systematically produce sound macroeconomic analyses of real-world events and avoid “common sense” fallacies and misconceptions. If you are planning any graduate-level economics work or any sort of economics career, please let me know, as the goals for you would be different. See the grading section and tentative schedule for more details on course objectives.

There will be two sections to this course:

**Long-run growth** In this section, we will use the Solow–Swan model to determine the long-run outcomes of aggregate real variable and show what factors can lead to continuous economic growth.

**Business cycles** In this section, we will use the IS-LM model of aggregate demand and a model of aggregate supply with sticky prices to evaluate short-run fluctuations around long-run equilibria and policy responses to those fluctuations.

## 5 Grading

My philosophy on grading is that if you show that you are competent with the material, then you should get a good grade, and if you do not show that you are competent, you should not get a good grade. This is your responsibility. Unfortunately, when the class size is large, it is too costly for the instructor to individualize grading expectations. **Your grade will be based on a midterm and final exam.**

### 5.1 Problem Sets

There will be problem sets, but they will not be graded. Although they are not graded, you should work through them carefully if you want to do well on the exams. I will be happy to review your work on the problem sets and give you mock grades, which will be similar to my grading on the exams, so it would be silly to not use this chance to practice and learn my expectations. If you come to me after the exam and complain that I was unfair because you did not know what I expected, I will not be sympathetic.

### 5.2 Exams

There will be **one final exam and one mid-term exam**. Together they will count for 100% of your grade with 60% assigned to the final and 40% assigned to the mid-term. If you do better on the final than on the midterm, I will change the weights so that the final will be worth 85% and the midterm worth 15%. This should make it easier for you to have more chances to show your competence. However, *you cannot pass the course without passing the final*. Some parts of the exam will likely seem difficult to you, but this is intended to help me differentiate between various levels of competence. The exam questions will come almost directly from the study guide/problem sets, so use those tools. Students should keep in mind that much of their grade will be determined at the end of the semester. Plan your success in advance.

Although there is nothing magical about the 90/80/70/60 grade division, I try to build the exams to match model simply because students typically have trouble understanding alternative schemes. However,

I find that on my exams lower scoring students typically get lower percent scores than this model predicts, so I check a selection of individual exams, and if the scores on those exams do not match up with the grading scheme above, I adjust the grade distribution accordingly. Note that this does not mean that you are competing for grades with other students. I know what an A grade and a D grade look like, and I match performance on exams to grades.

### 5.3 Partial Credit

I am a harsh but fair grader. It has probably been the norm in your other classes that your teachers will give partial credit when your exam and homework answers are wrong but sound vaguely like a correct answer or use some correct terminology. I will not do this. I do not give partial credit for economic-sounding bullshit for four reasons:

1. It is not fair to those with good answers
2. Your grade should reflect your competence—not your ability to remember a few words and reproduce them in the wrong context
3. Economic-sounding bullshit is the norm in lay discussions of economics. If you cannot do better than the ignorant guy at the coffeehouse who lectures me on my profession, then you do not deserve a good grade. I refuse to incentivize students thinking they are experts when they are not.
4. If your answer is worse than “I don’t know”, then you certainly do not deserve a better grade than if you wrote “I don’t know”.

### 5.4 Participation

You must attend the class to do well. You may miss up to three class meetings without any negative consequences imposed by me (although your grade will certainly suffer). Every two absences after three will reduce your grade by one letter. Under no circumstance will I review material in class because some students missed something important by skipping class. I will also not provide private lectures simply because you choose to not attend. We will work through many practice problems in class, so missing these will likely mean that you will get a bad grade.

### 5.5 Late work and cancellations

**No late work will be accepted** except sometimes in the case of class cancellations and a few other rare exceptions. Any exam that was scheduled at the time of a class cancellation due to bad weather will be given at the next class meeting unless you received other information from me. Any assignments due at the time of a class cancellation due to bad weather will be due at the next class meeting unless I tell you otherwise (except where work is turned in online, in which case, no extension will be granted). Any extension or postponement of assignments or exams must be granted by the instructor via email or Blackboard within 24 hours of the weather related cancellation.

I rarely miss class and have always communicated the class cancellation in advance. However, in the unusual case where I am late or do not show up, students should wait 15 minutes from the usual beginning of the course before leaving. After this 15 minute time, the class will be canceled by default.

### 5.6 Academic integrity

I will fiercely pursue action against violations of the university’s academic integrity policy. It is your responsibility to know what does and does not constitute plagiarism or cheating. Consider this: *you probably do not know what plagiarism is even if you think you do*. Every semester, my students turn in work that is clearly not theirs and act oblivious to their misconduct. Your teachers in the past have told you, “Put it in your own words.” Your teachers were wrong. Taking another person’s work and changing the wording is still plagiarism when you do not acknowledge the source. Last semester, I found plagiarism in the submissions of about forty students. If you have any questions, talk to me.

## 6 Confidentiality (particularly important for athletes)

The confidentiality of your student records is protected by law and university policy. If you are a student athlete, the athletics department will likely contact me to ask for updates on your progress in the course. ***I will not respond*** unless you tell me that you want me to provide that information to them. Even then I may not provide all the information they request and may not be willing to provide the information in the format they request. Your academic progress is *your* responsibility and your academic record is *your* property. I will also not provide your information to your parents.

## 7 Accommodations for Students with Disabilities

Students with disabilities requesting accommodations should make an appointment with Dr. Margaret Camp (864-656-6848), Director of Disability Services, to discuss specific needs within the first month of classes. Students should present a Faculty Accommodation Letter from Student Disability Services when they meet with instructors. Accommodations are not retroactive and new Faculty Accommodation Letters must be presented each semester.

## 8 Classroom Conduct and Sexual Harassment

Clemson University is committed to a policy of equal opportunity for all persons and does not discriminate on the basis of race, color, religion, sex, sexual orientation, gender, pregnancy, national origin, age, disability, veterans status, genetic information or protected activity (e.g., opposition to prohibited discrimination or participation in any complaint process, etc.) in employment, educational programs and activities, admissions and financial aid. This includes a prohibition against sexual harassment and sexual violence as mandated by Title IX of the Education Amendments of 1972. This policy is located at <http://www.clemson.edu/campus-life/campus-services/access/title-ix/>. Mr. Jerry Knighton is the Clemson University Title IX Coordinator. He also is the Director of Access and Equity. His office is located at 111 Holtzendorff Hall, 864.656.3181 (voice) or 864.565.0899 (TDD).

## 9 Tentative Schedule

The course will have two basic components: long-run growth and business cycles. This schedule will almost surely change.

| Date | Topic  | Other      | Mankiw chapters |
|------|--|------------|-----------------|
|      | What are the questions?  |            | 2 (1)           |
|      | What are the questions?  |            | 2               |
|      | <b>Long-run growth</b>   |            |                 |
|      | National income  |            | 3               |
|      | Economic growth: Basic Solow model   |            | 8               |
|      | Economic growth: Basic Solow model   |            | 8               |
|      | Economic growth: Solow model and technology                                  |            | 9               |
|      | Sources of technical development   |            | 9               |
|      | Convergence  |            | 9               |
|      | Compare growth theories to data  |            | 9               |
|      | Theories of technology   |            | 9               |
|      | Theories of human capital  |            | 9               |
|      | Something  |            |                 |
|      | Introduction to money  |            | 4               |
|      | Theories of money demand   |            | 4               |
|      | Costs and benefits of inflation  |            | 4               |
|      |  | Exam       |                 |
|      | Exam review  |            |                 |
|      | Unemployment   |            | 7               |
|      | Business cycles overview   |            | 12              |
|      | <b>Business cycles</b>   |            |                 |
|      | IS/LM  |            | 14              |
|      | IS/LM  |            | 14              |
|      | IS/LM  |            | 14              |
|      | Aggregate supply with sticky prices  |            | 15              |
|      | Aggregate supply with sticky prices  |            | 15              |
|      | Applications of AD-AS  |            | 15              |
|      | Dynamic AD/AS  |            | 15, 18          |
|      | Dynamic AD/AS  |            | 18              |
|      | Time inconsistency of monetary policy<br>& theories of aggregate consumption |            |                 |
|      | RBC, Ricardian Equivalence   |            | 16, 18, 19      |
|      |  | Final Exam | (3:00pm–5:30pm) |