

Fall 2006
01-MW 12:30- 2:00; 02-MW 2:30- 4:00
Office hours T: 12:00-2:00, W: 9:30-11:00

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Economics 102A01/02 -- Introduction to Macroeconomics

This course is an introduction to macroeconomic analysis suitable both to students who are interested in majoring in economics and to those wishing only a basic understanding of macroeconomic issues affecting the US economy. Economics 101, Introduction to microeconomics, is not a prerequisite. Therefore at the beginning of the semester we will develop briefly any microeconomics principles necessary for the complete understanding of this introduction to macroeconomics

The goal of the course is to give you a broad understanding of the workings of an economy and more specifically to understand policy issues associated with world economies today. During the semester you should keep up with current economic issues news by reading the New York Times, the Wall Street Journal, The Economist, Business Week or some similar publication. Starting the second week, each class will begin with a student summary of an article from one of these publications. Each student will have the opportunity to give the summary at least one time in the semester. By the end of the semester you will understand the debates in the news and be able to critique them. What impact does government policy have on the economy? Is the business cycle dead? What is the purpose of raising interest rates? Is the natural rate of unemployment changing? How would the economy react if the stock market crashed? How do rising oil prices impact the economy? What would happen if the real estate bubble burst?

Text: Karl Case & Ray Fair, Principles of Macroeconomics, 7th edition, Prentice-Hall, 2004 and Study Guide (sold together).

Grading:	Problem Sets:	25%
	Class Participation:	10%
	2 Midterm Exams:	30% (15% each)
	Final Exam:	35%

There will be 9 problem sets and your problem set score will only include the top 8 grades. However I urge you to do all 9 problem sets. The problem sets will be due on Friday by 4:00 P.M. I will give you at least one week to complete them. Each problem set will be graded on a scale of 1-100, and each day that the problem set is late there will be a 5 point deduction. You may work together on the problem sets, however you must contribute to and understand fully the work done; the solution turned in must be your own work and not simply copied from your partner. If you hand in a late problem set, you may not look at the solutions or talk to anyone in the class about the solutions.

There are no make up exams. If you have an approved absence from one of the midterms (e.g. for medical reasons), the weight for the final exam increases. The final exam will be cumulative.

Tentative Schedule

Date	Topic	Chapters to Read	Due
August 29	Introduction to Economics	1	
August 31	Introduction (continued)	2	
September 5	Micro Tools: Demand and Supply	3	
September 7	Supply and Demand Analysis	4	PS 1 (9/9)
September 12	Overview of Macroeconomics	5&7	
September 14	GDP Components	6	PS 2 (9/16)
September 19	Basic Goods Market Model	8	
September 21	Goods Market with Government Multiplier	9	PS 3 (9/23))
September 26	Tax and Balanced Budget Multiplier	9	
September 28	Money Market: M^S , Banking and the Fed	10	PS 4 (9/30)
October 3	Review Chapters 1-9		
October 5	Midterm 1		
FALL BREAK			
October 17	Money Market: M^S , Banking and the Fed	10	
October 19	Money Market: M^d , Interest Rates and Monetary Policy	11	
October 24	Equilibrium in Goods and Money Market, IS-LM	12	
October 26	More IS-LM	12	PS 5 (10/28)
October 31	Aggregate Demand	13	
November 2	Aggregate Supply, AS/AD analysis	13	PS 6 (11/4)
November 7	Inflation, the Labor Market, Philips Curve	14	
November 9	Open Economy Macro	21	PS 7 (11/11)
November 14	Open Economy Macro	21	
November 16	Open Economy Macro	21	PS 8 (11/18)
November 21	Review Chapters 10-14, 21		
November 23	Midterm 2—due by 4:00P.M.		
November 28	The Stock Market and the Economy	16	
November 30	Productivity and Long Run Growth	18	
December 5	Macroeconomic Issues and Policy (if time)	15	
December 7	Review		PS 9 (12/9)

Lecture notes (which usually cover at least a week of lectures and which will be numbered consecutively) will be posted on BLACKBOARD before the topic will be covered in class. Students should print the notes and bring them to class since they provide an outline for the lecture with room for individual note-taking. Problem sets and answers will also be posted.