



BENTLEY
UNIVERSITY

Bentley University
Department of Economics

Intermediate Macroeconomics
Fall 2016
EC 225
Mon., Wed. 3:30pm – 4:50pm
Lindsey Hall 25

Instructor: Sacha Gelfer

Contact Information:

Office: AAC 167

E-mail: sgelfer@bentley.edu

Office hours: 1 – 2:30 pm Monday and Wednesday and by appointment*

Course Description: This class is designed to provide economics majors and minors, as well as interested non-majors, the theoretical foundations necessary to understand the macroeconomic problems commonly confronted in developed market economies, and to evaluate policy solutions to those problems. We will build models that help explain fluctuations in output, employment, the price level, inflation, interest rates, and other macroeconomic variables. We will use the models to see how macroeconomic policy (for example, monetary policy, tax reductions, and deficit spending) affects macroeconomic variables, with primary applications to the U.S. economy and other developed economies.

Course Goals

In this course, we will analyze the environment in which businesses operate, focusing on the influence of government and central bank policies, expansionary and recessionary pressures throughout the business cycle, and the effects of inflation and growth. You will learn the tools necessary to analyze various sources of economic shocks and how these affect production, employment, prices, and the aggregate economic climate. We will discuss important debates in economics and analyze the evolution of the U.S. economy after the financial crisis and the Great Recession of 2007-2009. By the end of the course, you should be able to provide an informed response to questions such as: Is the economy in a recession? What do the current macroeconomic data tell us about the health of the labor market and financial stability? How might actions of the Federal Reserve affect me or my business?

Learning Objectives

A. Knowledge Objectives:

- Analyze the short- and long-run impacts of monetary and fiscal policy decisions on variables such as economic growth, unemployment, interest rates, prices and consumption.

- Understand the distinction between supply-side and demand-oriented policies.
- Understand how monetary policy decisions are made including the associated political and institutional dimensions of conducting policy.

B. Skills Acquired:

- Analyze the impact of economic shocks and consequent policy decisions using macroeconomic analysis.
- Develop logic skills by understanding how the construction of macroeconomic models impacts economic outcomes.
- Question the assumptions of macroeconomic models.

C. Perspectives Gained:

- View policy decisions in a global perspective.
- Embrace economic literacy as a social responsibility: Achieve a better understanding of policy decisions which results in becoming a more well-informed voter and citizen.
- Have an informed awareness of national and international economic conditions.

Course Readings: The *highly recommended* text for the course is Mankiw – Macroeconomics 8th edition (in any format). Any newer or older edition of the book will also suffice, although the page references in the syllabus will not quite match.

Course Website: Relevant course information will be posted on Blackboard. If you cannot access the site, please let me know right away. I will send e-mails through Blackboard with important course announcements.

Course Grading: Your grade in this course will be based on three components: Empirical Paper assignment, homeworks (including in-class quizzes), and exams (two midterms and a final). More detailed descriptions can be found below. All deadlines and due dates can be found on the course schedule below. The respective weights will be:

Empirical Paper	20%
Homework & Quizzes (4)	20%
Midterms (2)	35%
Final (1)	25%

I use Blackboard to keep track of your grades, and I will have a running total that will give you an idea of your current performance in the course.

Writing Assignment: In order to practice communicating economic concepts through your writing and familiarizing yourself with empirical macroeconomic time series, there will be an empirical paper assignment. More details on this assignment can be found on Blackboard course documents.

Homework: I will assign 4 homeworks throughout the term. Each will be weighted equally. Homeworks are intended to help you practice skills and apply economic model analysis for the exams. Throughout the term, I reserve the right to give short in class quizzes. These points will count as an additional homework that cannot be dropped. Due dates for the Homeworks will be decided upon in class. Late Homeworks will be dealt with under the following policy:

- Assignments handed in the same day of the due date but after the proposed due time, may be eligible for 70% credit.
- Assignments handed in a day after the due date may be eligible for 50% credit
- Assignments handed in two days after the due date may be eligible for 25% credit
- **No Homework assignment will be accepted past two days of the proposed due date.**

Exams: All exams will include consist of both short-answer and graphical analysis questions. The midterm exams will not be cumulative (although some concepts may carry over for the second exam). The final exam will be cumulative. You can use calculators on exams. In case of a missed midterm exam (due to unforeseeable circumstances, and reasonable documentable evidence), the weight can be added to the final.

Academic Integrity Policy: *All students are expected to adhere to Bentley's Academic Integrity policy* which includes Bentley's Honor Code (details on the policy can be found in the Undergraduate Student Handbook, the Graduate Catalog, and Bentley's academic integrity course page on Blackboard into which all students and faculty are enrolled). The essence of the policy is that you should not represent someone else's work as your own (no plagiarism, no cheating on exams, no illicit collaboration on projects, etc.). Failure to adhere to the policy can have serious consequences, including course failure, suspension, or even expulsion from the university. The best way to avoid a problem is to consult with your instructor before taking an action that might constitute a violation.

Disability Services:

Bentley University abides by Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 which stipulate no student shall be denied the benefits of an education solely by reason of a disability. If you have a hidden or visible disability which may require classroom accommodations, please call the Office of Disability Services within the first 4 weeks of the semester to schedule an appointment. The Office of Disability Services is located in the **Callahan/University Police Building (POL, 2nd Floor, 781.891.2004)**. The Office of Disability Services is responsible for managing accommodations and services for all students with disabilities.

Wk	Dates	Topic	Reading
1	8/29	• Introduction - The History of Macroeconomics	Ch. 1
	8/31	• Concepts and Measurement	Ch. 2
2	9/5	• <i>No Class labor Day</i>	
	9/7	• National Income	Ch. 3
3	9/12 9/14	• Neo-Classical Model	Ch. 3
4	9/19 9/21	• Money & Inflation	Ch. 4, 5
5	9/26	• Unemployment	Ch. 7
	9/28	• Business Cycle Facts	Ch. 10
6	10/3	• Midterm Review	
	10/5	Midterm Wednesday October 5	
7	10/10	• <i>No Class Fall Break</i>	
	10/12	• IS/LM Model	Ch. 11
8	10/17	• IS/LM Model	Ch. 11
	10/19	• Introducing Financial Frictions	Course Handouts
9	10/24	• Applying the IS/LM Model	Ch. 12
	10/26	<ul style="list-style-type: none"> • Sticky Prices • Sticky Wages • Efficiency Wages • Sticky Wages with Price Expectations 	Course Handouts
10	10/31	• Midterm Review	
	11/2	Midterm #2-Wednesday November 2	
11	11/7 11/9	• Aggregate Supply and the Phillips Curve	Ch. 14
	11/14	• Stabilization Policy	Ch. 18
12	11/16	• Stabilization Policy Class Experiment	Course Handout
	11/21	• In Class Help for Empirical Paper Empirical Paper Due Tuesday 11/22 by 5pm on Blackboard	Ch. 14
13	11/23	• <i>No Class Thanksgiving Break</i>	

14	11/28 11/30	• Romer Economic Growth Model	Course Handouts
15-16	12/5 12/7 12/12	• TBA • TBA • Final Exam Review	
Finals	12/16	Finals Exam – Thursday, December 15 1:30pm	

Very Occasionally, we may decide to postpone a due date, but I will not move assignment deadlines forward from the schedule above. Additional readings may be assigned when relevant or timely.