

Economics 100B – Economic Analysis: Macroeconomics

Professor Steven A. Wood

Administrative Detail:

Class Sessions: Tuesdays & Thursdays, 3:30 p.m. – 5:00 p.m., 2050 VLSB

Textbook: Andrew B. Abel, Ben S. Bernanke, and Dean Croushore
Macroeconomics, 6th edition
Addison-Wesley, 2008

ISBN-10: 0321451406 or
ISBN-13: 9780321451408

Supplies: Colored pens or pencils

Office: 520 Evans

Office Hours: Tuesdays & Thursdays, 2:15 p.m. – 3:15 p.m. and by appointment.

E-mail Address: swood@haas.berkeley.edu

Prerequisites: Economics 1, Economics 2 or PENR 1, and Math 1A or 16A.

Course Description:

This is a course in intermediate macroeconomics with an emphasis on real world applications. There are two main objectives for this course.

1. To *develop* simple models that can be usefully applied to generate realistic predictions about the behavior of important macroeconomic variables such as output and income, employment and unemployment, interest rates, the government budget balance, exchange rates and the current account balance, and inflation.
2. To *apply* these models to understand and interpret current and historical macroeconomic developments—including monetary and fiscal policy choices—and to make predictions about future macroeconomic events, primarily in industrialized countries.

Discussion Sections:

Section 101	Mondays & Wednesdays	8:00 – 9:00 a.m.	35 Evans
Section 102	Mondays & Wednesdays	9:00 – 10:00 a.m.	55 Evans
	GSI: TBD		
Section 103	Mondays & Wednesdays	10:00 – 11:00 a.m.	51 Evans
	GSI: TBD		
Section 104	Tuesdays & Thursdays	8:00 – 9:00 a.m.	321 Haviland
Section 105	Tuesdays & Thursdays	9:00 – 10:00 a.m.	116 Haviland
	GSI: TBD		
Section 106	Tuesdays & Thursdays	1:00 – 2:00 p.m.	101 Wheeler
	GSI: TBD		
Section 107	Tuesdays & Thursdays	12:00 – 1:00 p.m.	55 Evans
Section 108	Tuesdays & Thursdays	1:00 – 2:00 p.m.	51 Evans
	GSI: TBD		
Section 109	Tuesdays & Thursdays	5:00 – 6:00 p.m.	51 Evans
	GSI: TBD		
Section 110	Wednesdays & Fridays	10:00 – 11:00 a.m.	61 Evans
Section 111	Wednesdays & Fridays	11:00 – 12:00 p.m.	39 Evans
	GSI: TBD		
Section 112	Mondays & Wednesdays	12:00 – 1:00 p.m.	31 Evans
	GSI: TBD		
Section 113	Mondays & Wednesdays	1:00 – 2:00 p.m.	35 Evans
Section 114	Mondays & Wednesdays	2:00 – 3:00 p.m.	61 Evans
	GSI: TBD		
Section 115	Mondays & Wednesdays	3:00 – 4:00 p.m.	45 Evans
Section 116	Mondays & Wednesdays	4:00 – 5:00 p.m.	55 Evans
	GSI: TBD		

Discussion section is important. Lectures move quickly. Discussion section with your GSI is a key part of learning the material. Your GSI will go over the material in the text and from the lectures. News articles will also be discussed in section. Your active participation in section will enhance your understanding of the course material, which will be helpful on problem sets and exams.

Letter of Introduction:

For your second discussion section meeting, please write a one-page letter of introduction to your GSI. This should be typewritten. Include your name and anything about yourself that you would like to share. Also, please attach or include a photo of yourself because this will help your GSI learn your name. This paper will not be graded or returned.

Attendance:

Attendance will **NOT** be taken in class. You do not need to contact me or your GSI if you miss class.

However, problem sets are due at the beginning of class; late problem sets will **NOT** be accepted. If you will miss class you may have another student turn in your problem set for you. If you want to turn your problem set in early, make arrangements with your GSI.

In addition, you are responsible for any assignments that may be given in class.

Attendance WILL be taken in discussion sections during the first week of the semester. You MUST be present at both meetings or have an excused absence from the instructor. Otherwise, you WILL be dropped from the course in order to make room for someone on the waitlist. If you want to change discussion sections, please wait until after the first week.

Economics Tutoring:

The Economics Answer Center (EAC) provides drop-in and reserved office hours for ECON 100B students with no out-of-pocket cost to you. The EAC website can be accessed through the Economics Department undergraduate homepage: <http://emlab.berkeley.edu/econ/ugrad/ugrad.shtml>. The EAC also maintains a list of available tutors for hire for ECON 100B.

Mailing Lists:

We will create email lists from Bear Facts. Please make sure that your Bear Facts email address is correct and that your mailbox is not full. The instructor and GSIs will use these email lists to send announcements and/or other important information to the class and discussion sections.

Website:

The course website is http://emlab.berkeley.edu/users/webfac/wood/e100b_sp08/e100b.shtml. This site will include this syllabus, my lecture notes, problem set assignments and answers (after the fact), exams and answers from previous semesters, this semester's exams and answers (after the fact), and other information relevant to the class.

Podcast:

This course is being podcast. If you want to use this feature you will need to go to <http://webcast.berkeley.edu> to subscribe (free of charge).

Classroom Etiquette:

Class is from 3:40 p.m. – 5:00 p.m. I will make every effort to begin class promptly and to end class on time. If you arrive late and/or leave early, please make every effort to do so quietly. In consideration of your fellow students and the instructor, please refrain from talking with your neighbors during class.

Please make sure that your cell phones are turned off while you are in class.

Grades and Grading:

There are four graded assignments during the semester with the following weights and due dates.

Problem Sets:	15%	
Exam #1:	25%	(Thursday, February 21)
Exam #2:	25%	(Thursday, April 3)
Exam #3:	35%	(Thursday, May 22)

Your work will be graded by your GSI. Your answers are graded solely on their content and not on their intent. This means that we don't grade what you "meant to say" but what you actually write, even if you "knew the answer but just couldn't say it right." This also means that answers that are illegible, rambling, or poorly organized will not receive high scores.

Care is taken to ensure that the same quality of work will, at the end of the semester, receive the same letter grade, regardless of who graded the work. There is no pre-set or common scale whereby a certain number of points corresponds to a certain letter grade.

The GSIs take great care in grading exams. However, if you believe there has been an arithmetic error in adding up the points on your assignment or exam, simply point this out to your GSI at the end of section when you receive your assignment or exam back. If you believe that there has been an error in the **GRADING** of your exam, here are the steps to follow.

1. Within 7 days of the time that exams are returned in section (which will be less than 7 days from the time you receive your exam if you missed section when exams were first returned), give your GSI your exam and a written (i.e., word processed) request of what question you think should be regraded and an explanation of why. Do not change the answers on your exam; write out your request separately and give both your request and your original exam to your GSI.
2. Your GSI reserves the right to regrade your entire exam, not just the question(s) mentioned in your regrade request. Scores on any question can be changed—increased *or* decreased. Therefore, it is possible that you could wind up with fewer points at the end of the regrade than you had originally.
3. Letter grades in my courses never depend upon 1 or 2 or 3 points. So if you're spending your (and your GSI's) time challenging the grading of anything less than 3 points, please get out your principles textbook and study the section on opportunity cost. More to the point, I have advised the GSIs to reject any regrade request that is for 2 points or less. It is simply not a good use of anyone's time.

Exams are learning tools, not just assessment tools. I hope you will learn from the exams. You are welcome to talk with your GSI or with me about what concepts you missed or were confused on, so that we can help you be clear on the material. Just remember that the end of the conversation isn't about changing points, it's about helping you understand the material.

Problem Sets:

There are 6 problem sets of which the highest 5 scores will count toward your course grade. Problem sets will be posted on the course website. Due dates for the problem sets are highlighted on the **Reading, Problem Set, and Exam Schedule**.

Problem sets are considered open-book, open-note exams and will be graded for correctness.

Problem sets **MUST** be word-processed although you may do graphs and equations by hand if you like.

Problem sets **MUST** have your name (last name first), SID number and discussion section number in the upper right hand corner.

Problem sets are due at the **beginning** of class on the assignment due date. You should hand them in to your GSI at the beginning of class on the due date. Late problem sets will **NOT** be accepted. Faxed or e-mailed problem sets will **NOT** be accepted. If you want to turn your problem set in early, check with your GSI.

Problem sets will be discussed and graded problem sets will be returned in discussion sections.

Although you may work on problem sets with your classmates, the written answers which you hand in are expected to be your own effort. In general, you should use study groups to figure out how to solve a problem, to make sure you have made your calculations correctly, and to discuss the answers to questions that ask you to summarize or draw conclusions from the exercise. On your own, you should write up your answers, making sure you understand yourself how to solve the problem step-by-step, and answering non-quantitative questions in your own words.

Solving the problem sets in this way is important not only for the sake of academic integrity but because the primary value of the problem sets is not in counting toward your course grade but in building your own understanding and ability to solve problems.

Using the Internet and/or “test banks” deserve special mention. The general principle governing collaborative work is that it is truly collaborative: namely, it is work shared by a group of people, *all* of whom are learning from the experience. Copying from someone, looking for answers or hints on the Internet, or looking at problem set or exam solutions from previous semesters are not collaborative. There is a difference between being interested in an issue raised by a problem set and using the Internet to learn more about it, and searching the Internet to figure out how to solve the problem.

Examples of acceptable collaboration:

1. Two students get together to work on a problem set. They work together on the calculations, correcting each other's mistakes, until they arrive at answers both think are correct. After their meeting, on their own, they write up the version of their problem sets to be handed in, adding their own explanations, graphs, etc.
2. In a group meeting to work on a problem set, one student knows how to set up or solve a problem or how to draw a graph that the other students are confused by. She does it on the board and the rest of the students in the group take notes which they use when writing up their own solutions to the problem sets.

Examples of unacceptable collaboration:

1. One student lends another student the problem set solution she intends to hand in. He either copies verbatim or rewrites the first student's problem set in his own words and hands it in.
2. After working in a group to solve a problem set, one of the students emails his solution to his group members so they can check their own answers or give him feedback on his.
3. A student usually works with a study group but can't make it to the session where the group has worked on a particular problem set. One of the students in the group gives the missing student her notes from the group.
4. A student uses an Internet search engine to see if he can find hints for how to solve the problems, or solutions posted from a previous year or a course at another school.
5. A student has access to solutions from a previous semester which she uses to "solve" the problem.

Exams:

Exam #1 is scheduled for Thursday, February 21st from 3:40 – 5:00 p.m. in class.

Exam #2 is scheduled for Thursday, April 3rd from 3:40 – 5:00 p.m. in class.

Exam #3 is scheduled for Thursday, May 22nd from 12:30 – 3:30 p.m. at a location to be determined.

Each exam will cover the materials assigned for that section through and including the lecture before the exam. Each exam will be closed book and closed notes.

You do not need bluebooks. No calculators, laptops, beepers, cell phones, or other electronic devices are allowed during exams. However, you will need a set of color pens or pencils.

Although the exams are not intentionally cumulative, macroeconomics is, by its very nature, cumulative. Several exams from previous semesters are posted on the course website.

There are no scheduled make-up exams. Students who miss an exam for any reason must communicate with me by email or phone no later than the start of the exam. You will need to provide valid medical and/or legal documentation explaining why you were unable to take the exam on schedule. Except under the most extreme circumstances, if you do not have an excused absence **before** the exam starts and you do not take the exam, you will receive a zero (0) on the exam.

If you have or anticipate a conflict with the final exam schedule, you should DROP this course now and retake it in another semester. Conflicts include other exams, nonrefundable airline tickets, weddings, or other commitments that require you to leave campus before May 22nd, 2008.

If you are entitled to special accommodations on exams you MUST make an appointment to speak with me no later than February 7, 2008. You will eventually need to provide an evaluation form from the Disabled Students' Program office.

Exams will be discussed and graded exams will be returned in discussion sections.

Academic Honesty/Test Affirmation:

In conjunction with the Berkeley Campus Code of Student Conduct, academic dishonesty will not be tolerated. Academic dishonesty is “all forms of academic misconduct including but not limited to cheating, fabrication, plagiarism, or facilitating academic dishonesty.”

Any evidence of cheating will result in a score of zero (0) on that assignment or exam. Cheating on the final exam will result in an “F” for the course. Incidences of cheating will also be reported to Student Judicial Affairs, which may administer additional punishment.

Cheating includes but is not limited to bringing notes or written or electronic materials into an exam, using notes or written or electronic materials during an exam, copying or editing off another person’s assignment, copying off another person’s exam, allowing someone to copy off of your assignment or exam, and having someone else do an assignment or take an exam for you.

On every exam, you will be asked to sign the following test affirmation: “The answers on this test are entirely my own work. I neither gave nor received any aid while taking this test. I will not discuss the questions on this test until after 5:00 p.m. on [date of exam].”

Failure to sign this affidavit will result in a “zero” for that examination. A sample cover sheet with the test affirmation is on the following page.

Name: _____

SID : _____

Discussion Section: _____

Economic 100B
Economic Analysis: Macroeconomics
Professor Steven Wood

Spring 2008

Exam #__

Please sign the following oath:

The answers on this test are entirely my own work. I neither gave nor received any aid while taking this test. I will not discuss the questions on this test until after 5:00 p.m. on [date of exam], 2008.

Signature _____

Any test turned in without a signature indicating that you have taken this oath will be assigned a grade of zero.

Graph Instructions

When drawing diagrams, all of the following rules apply:

- Completely, clearly and accurately label all axis, lines, curves, and equilibrium points.
- The original diagram and equilibrium points MUST be drawn in black or pencil.
- The first shift of any line(s) and the new equilibrium points MUST be drawn in red.
- The second shift of any line(s) and new equilibrium points MUST be drawn in blue
- The third shift of any line(s) and new equilibrium points MUST be drawn in green.

Do NOT open this test until instructed to do so.

Good Luck!

Course Letter Grades:

Course grades are determined by adding together the weighted average percentage of your scores on the problem sets and the three exams.

- The 5 highest scores on your problem sets will be counted.
- All 3 exams will be counted.
- There are no alternative weightings of graded assignments.
- There are no extra credit assignments.

Uniformity of grading standards (i.e., making sure that the same quality of work receives the same letter grade) is ensured by having the GSIs cross-read each other's exams. Experience shows that this process works! This way, we are giving the **SAME LETTER GRADE** for the **SAME QUALITY** of work, rather than for the **SAME NUMBER OF POINTS**. This means that you don't have to worry if your GSI has lower averages than other GSIs because the course letter grades depend upon the quality of work and not on the number of points.

Students taking the course under the P/NP option must earn at least a C- in order to pass the course. Please note that if you are fulfilling a requirement for the economics or business administration majors, you cannot take this course P/NP.

There is no fixed curve for this course dictating what share of students will receive what letter grade. It is theoretically possible for everyone to earn an A. It is equally possible for everyone to earn a C. Past performance of students in my Economics 100B classes indicates that approximately 25% - 30% of the class will receive some sort of A, about 35% - 40% will receive some sort of B, and the remainder will receive some sort of C or below.

You will be able to retrieve your course grade electronically via Bear Facts, generally within one week of the final exam. If you want to know your score on the final exam, give your GSI a stamped, self-addressed postcard or envelope. Postcards/envelopes will be mailed on the day final grades are submitted to Bear Facts.

Your final exam will be held by the Economics Department for 12 months. Finals cannot be re-evaluated once grades are submitted to the University. You can look at your graded exam in Evans Hall, Room 508-1, generally beginning about 3 weeks after the end of the semester.

Responsibilities and Expectations:

1. As the teacher, my responsibilities are to come to class prepared to teach; to organize and present the material in a manner that facilitates your learning; to respond to and encourage questions; to oversee grading of assignments; to be available during office hours and for scheduled appointments, and to stimulate an enthusiasm for economics and for learning.
2. As a student, your responsibilities are to come to class prepared to learn and to participate in lectures and discussion sections; to complete the assigned readings before class (allowing time to re-read difficult material); to complete problem set assignments on time, and to take 3 exams.
3. You are also responsible for complying with the Berkeley Campus Code of Student Conduct. This Code of Student Conduct requires each student to act with integrity in all academic activities and to hold his or her peers to the same standard. No lying, cheating, or plagiarism of published work, work posted on the Internet, or work done by other students or professors will be tolerated.
4. Actions that have negative effects on others will not be tolerated in the classroom. If you must arrive late or leave early, you must do so as quietly as possible. In consideration of your fellow students and the instructor, please refrain from talking with your neighbors during class. No cell phones should be audible during class sessions.

Reading, Problem Set, and Exam Schedule:

The schedule for reading, problem set assignments, and exams are on the following pages. The reading assignments are from the textbook. Occasional news articles will also be distributed electronically; these articles are to be considered “assigned reading.”

You are strongly urged to read the assigned materials in advance of the lectures. Additional handouts concerning current applications of macroeconomic theory and policy may be assigned and discussed as well. You are responsible for ALL assigned materials. Lectures will generally follow the textbook but NOT cover all of the material. In addition, I WILL add lecture material that is not in the textbook.

On occasion, the lectures will extend and/or modify the textbook material and handouts. Where differences occur between lecture and textbook or handout materials, the lecture will be deemed correct for grading purposes.

You should also read the business section of a major newspaper and/or weekly periodical to stay abreast of current macroeconomic issues. Recommended newspapers include the Wall Street Journal, the New York Times, the Financial Times, the Washington Post, and the Los Angeles Times. Recommended weekly periodicals include Business Week and The Economist.

Reading, Problem Set, and Exam Schedule

January 22, 2008 (Tuesday)

Class #1, Introduction to the Class; Introduction to Macroeconomics.
Reading Assignment: Chapter 1.

January 24, 2008 (Thursday)

Class #2, The Measurement and Structure of the National Economy.
Reading Assignment: Chapter 2.

January 29, 2008 (Tuesday)

Class #3, Productivity, Output, and Employment.
Reading Assignment: Chapter 3, sections 3.1, 3.2, and 3.3.

January 31, 2008 (Thursday)

Class #4, Productivity, Output, and Employment (continued).
Reading Assignment: Chapter 3, sections 3.4, 3.5, and 3.6.

February 5, 2008 (Tuesday)

Class #5, Consumption, Saving, and Investment.
Reading Assignment: Chapter 4, sections 4.1 and 4.2.

February 7, 2008 (Thursday)

Class #6, Consumption, Saving, and Investment (continued).
Reading Assignment: Chapter 4, sections 4.2 and 4.3.

February 12, 2008 (Tuesday)

Class #7, Long-Run Economic Growth.
Reading Assignment: Chapter 6, sections 6.1 and 6.2.
Problem Set #1 due.

February 14, 2008 (Thursday)

Class #8, Long-Run Economic Growth (continued).
Reading Assignment: Chapter 6, sections 6.2 and 6.3

February 19, 2008 (Tuesday)

Class #9, Catch-up and Review.
Reading Assignment: Chapter 1, 2, 3, 4, and 6.
Problem Set #2 is due.

February 21, 2008 (Thursday)

Class #10, **EXAM #1**

February 26, 2008 (Tuesday)

Class #11, The Asset Market, Money, and Prices.
Reading Assignment: Chapter 7, sections 7.1, 7.2, and 7.3.

February 28, 2008 (Thursday)

Class #12, The Asset Market, Money, and Prices (continued).
Reading Assignment: Chapter 7, sections 7.4 and 7.5.

March 4, 2008 (Tuesday)

Class #13, Business Cycles
Reading Assignment: Chapter 8.

March 6, 2008 (Thursday)

Class #14, The IS-LM/AD-AS Model: A General Framework for Macroeconomic Analysis.
Reading Assignment: Chapter 9, sections 9.1, 9.2, 9.3, and 9.4.

March 11, 2008 (Tuesday)

Class #15, The IS-LM/AD-AS Model: A General Framework for Macroeconomic Analysis (continued).
Reading Assignment: Chapter 9, sections, 9.4, 9.5, and 9.6.

March 13, 2008 (Thursday)

Class #16, Keynesianism: The Macroeconomics of Wage and Price Rigidity.
Reading Assignment: Chapter 11, sections 11.3 and 11.4.

March 18, 2008 (Tuesday)

Class #17, Unemployment and Inflation.
Reading Assignment: Chapter 12, section 12.1.
Problem Set #3 due.

March 20, 2008 (Thursday)

Class #18, Unemployment and Inflation (continued).
Reading Assignment: Chapter 12, sections 12.2 and 12.3.

March 25, 2008 (Tuesday) SPRING BREAK

March 27, 2008 (Thursday) SPRING BREAK

April 1, 2008 (Tuesday)

Class #19, Catch-up and Review.
Reading Assignment: Chapters 7, 8, 9, 11, and 12.
Problem Set #4 is due.

April 3, 2008 (Thursday)

Class # 20, **EXAM #2**

April 8, 2008 (Tuesday)

Class #21, Saving and Investment in the Open Economy.
Reading Assignment: Chapter 5, sections 5.1, 5.2, and 5.3.

April 10, 2008 (Thursday)

Class #22, Saving and Investment in the Open Economy (continued).
Reading Assignment: Chapter 5, sections 5.3, 5.4, and 5.5.

April 15, 2008 (Tuesday)

Class #23, Exchange Rates, Business Cycles, and Macroeconomic Policy in the Open Economy.
Reading Assignment: Chapter 13, sections 13.1 and 13.2.

April 17, 2008 (Thursday)

Class #24, Exchange Rates, Business Cycles, and Macroeconomic Policy in the Open Economy (continued).
Reading Assignment: Chapter 13, sections 13.3, 13.4, and 13.5.

April 22, 2008 (Tuesday)

Class #25, Monetary Policy and the Federal Reserve System.
Reading Assignment: Chapter 14, sections 14.1 and 14.2.
Problem Set #5 due.

April 24, 2008 (Thursday)

Class #26, Monetary Policy and the Federal Reserve System (continued).
Reading Assignment: Chapter 14, sections 14.2 and 14.3.

April 29, 2008 (Tuesday)

Class #27, Government Spending and Its Financing.
Reading Assignment: Chapter 15, sections 15.1 and 15.2.

May 1, 2008 (Thursday)

Class #28, Government Spending and Its Financing (continued).
Reading Assignment: Chapter 15, sections 15.3 and 15.4.

May 6, 2008 (Tuesday)

Class #29, Catch-up/Summary and Conclusions.
Problem Set #6 due.

May 8, 2008 (Thursday)

Class #30, Course Evaluations/Review.
Reading Assignment: Chapters 5, 13, 14, and 15.

May 22, 2008 (Thursday)

FINAL EXAM, 12:30 p.m. – 3:30 p.m. Location to be determined.