

PRINCIPLES OF MACROECONOMICS

Class webpage: <https://bb.uvm.edu/>

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Office Hours: Tuesdays & Thursdays 2:30-3:30
or by appointment.

~ COURSE DESCRIPTION ~

MAIN TOPICS COVERED

This course is an introduction to a part of economics called Macroeconomics, which looks at the economy as a whole. It is organized around three sections:

- 1) Macroeconomics: Concepts, issues and data
What does macroeconomics study? What are Production, unemployment and inflation?
How to measure them? What do they mean?
- 2) The economy in the long run
We study the links between economic growth productivity and living standards. We study and explain the trends in wages and unemployment. We explain the links between saving investment and flows of capital. We look into the process of money creation and how money relates to inflation.
- 3) The economy in the short run
We study the Keynesian cross model to explain expansions and recessions. We study the Aggregate Demand - Aggregate Supply model to understand the effects of fiscal and monetary policies on output and inflation.
- 4) If we cover the material faster than expected and have extra time we will study a fourth section related to the determination of exchange rates.

OBJECTIVE

Introduction to macroeconomic topics, data, and simple models, in order to better understand current economic issues.

COURSE REQUIREMENTS

All the tests cover the textbook selected chapters as well as the articles and homework assignments.

The homework assignments have to be returned in class at the due date. Since the homework solutions are posted online, late homework cannot be accepted.

- **Homework (25% of the semester performance)**. Quizzes are worth 20% and articles summary are worth 5%. A 5 to 10 lines typed summary per article is due in class the day the article is studied. Quizzes and articles will be posted on the webpage. The departmental course assessment will be included in the homework grade.
- **Midterm 1 (25% of the semester performance)**
- **Midterm 2 (25% of the semester performance)**
- **Final (25% of the semester performance)**. Comprehensive exam.

Course requirement	Weighting 1	Weighting 2	Weighting 3
Homework	25%	25%	25%
Midterm1	0%	50%	25%
Midterm2	50%	0%	25%
Final exam	25%	25%	25%

Your final grade is calculated using the three weighting schemes. The highest score determines your grade for the semester. In case you miss one of the midterms, your semester grade is automatically calculated with a weight of 50% on the other midterm.

You are expected to attend all lectures. Exams are essentially lecture based. Therefore, missing lectures would seriously put you at risk of failing this class.

You are responsible for checking the class website every week. It contains course outlines and homework material as well as important announcements for the class.

In case we have visitors, you will be required to prepare questions. This preparation will be graded as extra credit.

READING

Textbook (see *provisional course schedule*):

Principles of Macroeconomics 4/e by Frank and Bernanke

Articles

Press articles that illustrate or extend the issues covered in class.

The list of articles covered is updated on a regular basis. Therefore the articles to read are announced in class and posted on the web page all along the semester.

~ PROVISIONAL COURSE SCHEDULE ~

Week	Dates	Reading
1	01/17-01/21	Introduction – A few concepts from Chapters 1,2 and 3.
2	01/24-01/28	Chapter 4: Spending, Income and GDP
3	01/31-02/04	Chapter 5: Inflation and the Price Level
4	02/07-02/11	Chapter 6: Wages and Unemployment
5	02/14-02/18 02/17: Due date homework 1	Chapter 7: Economic Growth
6	02/21-02/25 02/24: Midterm 1	Chapter 8: Saving Capital Formation and Financial Markets
7	02/28-03/04	Chapter 8 and Chapter 9: The Financial System, Money and Prices
8	03/14-03/18	Chapter 9 and part of Chapter 16 on International Capital Flows
9	03/21-03/25 03/24: Due date homework 2	Chapter 10: Short term Fluctuations
10	03/28-04/01 04/03: Midterm 2	Chapter 11: Spending and Output in the Short Run
11	04/04-04/08 04/04: Last Day to withdraw	Chapter 11 and 12: Stabilizing the Economy: The role of the Fed.
12	04/11-04/15	Chapter 13: Aggregate Demand and Aggregate Supply
13	04/18-04/22	Ch 13: and part of Chapter 14 on Macroeconomic Policies