

**Economics 473 (Formerly ECON 375):
Macroeconomic Theory (Summer 2009)**

Course Time: MTWTh 9:15 – 11:35

Place: Cramer Hall 269

Instructor:	Hiro Ito, Associate Professor of Economics
Office:	Cramer Hall 241-F
Email:	ito@pdx.edu
Phone:	x5 – 3930
Office Hours:	By appointment

1. Course Objective

This course deals with macroeconomic theory and policy analysis with the intermediate intensity and levels. Students should have a familiarity with algebra (solving simultaneous equations) and with principles of macroeconomics and microeconomics. Knowledge of basic calculus (partial and total differentials) and introductory statistics (linear regression) will be helpful, but not required. The main part of the course will focus on the IS-LM framework. With the knowledge and skills obtained in this course, students should become able to conduct policy analysis.

Course prerequisites: Although the course description spells out that Principles of Microeconomics and Macroeconomics (EC201 and 202) are “recommended” prerequisites, it is necessary to have mastered the concept taught in these courses in order to pass this course. Without having taken these courses, it may be extremely difficult for you to get higher grades such as A’s and A-’s. Therefore, if you have not taken any or either of these principles courses, I would encourage to either drop this course or study intensively on your own. This course is formerly called ECON 375. Despite the change in the course number, there is NO change from the previous one in terms of the course material, intensity, and levels.

2. Course Material

The required textbook for this course is:

Olivier Blanchard, *Macroeconomics* 5th Edition (Prentice-Hall, 2008)

This textbook is available at PSU’s Bookstore <http://www.psubookstore.com/Textbooks/index.html> . Previous editions are acceptable. However, keep in mind that the page numbers may not be the same.

If you want to brush up on your knowledge of principle macroeconomics, you may refer to

Baumol, William J. and Alan S. Blinder, *Macroeconomics: Principles and Policy*, 9th edition (or any earlier edition). This textbook is available at PSU library.

3. Classroom Policy and Attendance

I expect you to be a responsible citizen in the classroom. Please be considerate of others while in class. Please turn off your cell phone, or anything that makes a sound.

Class attendance is checked. The attendance check sheet is circulated in the first five minutes of each class session. *Do not come in late; if you come later than the first five minutes of a class session, it will be considered that you missed the class.* Also, do not leave the room in the middle of the class. It's merely distracting to others, and not helpful for yourself. If you must miss class, come in late, or leave early, you should inform me in advance. Please come to class prepared to stay for the full class period.

4. Grading

Your grade will be determined as follows:

15%	Attendance and class participation
15%	Mini exam I
25%	Midterm
15%	Mini exam II
30%	Final Exam

Rules on Grades (IMPORTANT!!):

I will not provide "Incomplete" for those who decide to drop the course after the drop classes period, or start to think that they will not be able to finish the course. The final grade will be based on the grade records available with me as of the end of the term. ***I will provide no extra credit or make-up assignments for those who want to improve their grades, either.***

Information on Grades

I will not give you any information regarding your grade through email because of the security issues. You can consult with me in person about your grade standing, but I may not be able to give you specific advice on what you can do to improve your grade.

5. Class schedule and reading assignments

The class schedule and reading assignments shown below are subject to change. The class proceeds under an assumption that you have read the assigned chapters and attempted to understand the material before the class period. However, you should not feel shy about asking questions in class if you have questions or something you want me or the class to clarify about the material. It is important to raise issues and discuss them in class. I will do my best to encourage for you to do so. You should also make the most use of my office hours to consult with me on the course material.

Important Dates

July 23	Mini exam I (60 minutes, multiple choice questions; <u>class resumes after the test</u>)
July 30	Midterm exam (70 minutes)
Aug. 6	Mini exam II (60 minutes, multiple choice questions; <u>class resumes after the test</u>)
Aug. 13	Final exam (90 minutes; comprehensive)

Lecture schedule

WEEKS	DATES	CHAPTERS	TOPICS TO BE COVERED IN CLASS
Week 1	7/20	1-2	Intro.;
	7/21	3&4	National income accounting; definitions
	7/22	4	Goods market and financial markets
	7/23	Mini exam I (after the exam) Ch. 5	Financial markets, continued Ch. 1-4 IS-LM
Week 2	7/27	5, 6 (Garth)	IS-LM, continued; labor market
	7/28	6, 7 (Garth)	Labor market, continued; AS-AD
	7/29	7 (Garth)	AS-AD continued; review
	7/30	Midterm exam	Ch. 1-7
Week 3	8/3	8	The natural rate of unemployment and the Phillips Curve
	8/4	9	Inflation, activity and nominal money growth
	8/5	10, 11, 12	Economic growth; Saving, capital accumulation, and output; Technological progress and growth
	8/6	Mini exam II (after the exam) Ch. 12	Ch. 8-12 Technological progress and growth, continued
Week 4	8/10	14	Basics of expectations
	8/11	15	Financial markets & expectations
	8/12	16&17	Consumption and Investment; Expectations, Output, and Policy
	8/13	Final exam:	Comprehensive, i.e., accumulative