

Marc Law
Department of Economics
University of Vermont
Fall 2009

Office: Old Mill 338
Tel: 656-0240
Email: *Marc.Law@uvm.edu*
Office Hours: MW 2-3pm

ECONOMICS 11, SECTION D
PRINCIPLES OF MACROECONOMICS
MWF 12:50-1:40pm
Rowell 103

OBJECTIVES

The goal of this course is to obtain a basic understanding of the fundamentals of macroeconomics. Topics covered include demand and supply analysis, national income accounting, inflation, unemployment, business cycles, economic growth, and monetary and fiscal policy. My hope is that by the end of the course you will have a sufficiently detailed understanding of macroeconomics to discuss it intelligently with others and to understand what is written in the media about macroeconomic events. There are no course prerequisites apart from knowledge of high school algebra.

COURSE REQUIREMENTS

Evaluation will be on the basis of three equally weighted multiple-choice tests as well as the economics department's EC 11 assessment test. **All tests will be held during regular class time.** You should feel free to discuss with me any difficulties that you are having with the course material.

TEXTBOOK

The following textbook is required for this class:

Parkin, Michael, *Macroeconomics*. Addison Wesley.

There are two editions (8th and 9th) available in the UVM Bookstore. Either is fine, but the 8th edition is preferred.

GRADING

Tests #1, 2 and 3 are each worth 33 percent of your final grade. The remaining 1 percent will be based on taking the economics department's EC 11 assessment test (more details will be provided in class).

The dates of the tests are as follows:

Test #1 (33%)	Wednesday, September 23 rd
Test #2 (33%)	Wednesday, October 28 th
EC 11 assessment test (1%)	Monday, December 7 th
Test #3 (33%)	Wednesday, December 9 th (last day of class)

No excuses will be accepted for missing one of the tests without a certified note from your physician or from the Dean's office. Please note that the Test #3 will be held on the last day of class.

Letter grades will be assigned according to the following schedule.

Percentage	Letter Grade
95-100%	A+
90-94%	A
85-89%	A-
80-84%	B+
75-79%	B
70-74%	B-
65-69%	C+
60-64%	C
55-59%	C-
50-54%	D
Below 50 %	F

I DO NOT give out extra credit. The only way to earn a high grade in this course is to do well on the tests. Accordingly DO NOT ask me for extra credit. Your request will be refused.

OTHER POLICIES

If you have given me a letter from ACCESS (the UVM disabilities resources center) indicating that you are eligible for special accommodations for tests and exams, it is YOUR RESPONSIBILITY to:

1. Make an appointment with the test-taking center to take the test at the same time as the rest of the class.
2. Inform me (by email) that you have set up this appointment.

I will then arrange for your test to be sent to the test-taking center. If I do not hear from you I will assume that you plan to take the test in class with everybody else.

CONTACTING ME

The best ways to reach me are by email, during my office hours, or immediately after class. My contact information and office hours are on the first page of this syllabus. If you need to speak to me in person but cannot attend my office hours, contact me to set up an appointment.

When composing an email to me (or, for that matter, any faculty member), keep the following points in mind:

1. Email messages are different than text messages. You are not being charged per character in an email message. Therefore you should be sure to write in proper sentences and paragraphs. Failure to do so is sloppy and impolite.
2. Make sure your message has a clearly articulated question. If I cannot understand your message, I will not respond.

Please note that my primary means of communicating with you outside of class will be by email or via the course website. Please be sure to check your UVM email account regularly. Practice tests and other important updates about the course will be posted on the course website. The URL for the course website is as follows:

<http://www.uvm.edu/~mlaw/ec11.html>

I strongly urge you to bookmark this address in your web browser.

COURSE OUTLINE

We will cover the following topics in roughly the following order:

<i>Topic</i>	<i>Relevant chapters in 8th edition</i>	<i>Relevant chapters in 9th edition</i>
1. What is economics? Choices, incentives, tradeoffs and the nature of social science.	Chapter 1	Chapter 1
2. The nature of the economic problem. More on tradeoffs, production possibilities frontiers, efficiency in production and allocation, economic growth, and the gains from trade	Chapter 2	Chapter 2
3. Basic microeconomics. The laws of demand and supply. Equilibrium. Using the supply and demand analysis to predict how markets respond to exogenous shocks.	Chapter 3	Chapter 3
4. Measuring aggregate economic performance (part I): Gross Domestic Product (GDP), real versus nominal GDP, measuring economic growth, and the shortcomings of GDP as a measure of welfare.	Chapter 5	Chapter 4
5. Measuring aggregate economic performance (part II): Defining business cycles, labor market indicators (employment rate, unemployment rate, labor force participation rates), types of unemployment, the consumer price index (CPI), and problems with CPI measurement.	Chapter 6	Chapter 5
6. The aggregate demand and aggregate supply (AD-AS) model: the aggregate demand curve, the short and long run aggregate supply curves, equilibrium in the AD-AS model, using the AD-AS model to understand business cycles and economic growth.	Chapter 11	Chapter 10

7. The microeconomic foundations of aggregate supply (i.e. the so-called Classical Model): the aggregate production function, labor demand, labor supply, labor market equilibrium and potential GDP, investment, savings, and equilibrium in the capital market, the dynamic AD-AS model.	Chapter 7	Chapter 6 (pp. 139-48)
8. Economic growth. Long term trends in economic growth across the world, the causes of economic growth, growth accounting, classical, neoclassical, and new growth theories.	Chapter 8	Chapter 7 (pp. 166-72)
9. Monetary economics (part I): Defining money, how banks create money, the deposit multiplier and how the central bank influences the quantity of money, the demand and supply of money, the short and long run effects of changes in the quantity of money, the Quantity Theory of Money	Chapter 9	Chapter 6 (pp.134-38; 149-53).
10. Monetary economics (part II). Demand-pull and cost-push inflation, unanticipated and anticipated effects of inflation on labor and capital markets, the long-and short run Phillips Curves and the Natural Rate of Unemployment. Theories of the business cycle.	Chapter 13	Chapter 8
11. Fiscal Policy: the federal budget, the supply side effects of fiscal policy, using fiscal policy to influence macroeconomic performance, automatic versus discretionary fiscal policy.	Chapter 14	Chapter 12
12. International finance. International accounts (current account and capital account), exchange rate determination.	Chapter 10	Chapter 13
		Chapter 15