

San José State University
Department of Economics
Econ102—Macroeconomic Analysis
Course No. 25440, Spring 2018

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| Email: | Jeffrey.Hummel@sjsu.edu |
| Office Hours: | Tuesday, 4:30-6:00 P.M.; Thursday, 1:00-2:30 P.M.; and by appointment |
| Class Days/Time: | Tuesday and Thursday, 3:00-4:15 P.M. |
| Classroom: | DMH 234 |
| Prerequisites: | Economics 1A |

Course Description

Theory of aggregate demand and related topics: national income accounting, employment and inflation, monetary and fiscal policies, economic stability, growth, and balance of payments equilibrium.

Announcement

This is now a four-unit course. You are expected to complete an average of 12 hours of work per week inclusive of lectures, assignments, and activities. This syllabus contains learning objectives, class meeting times, and assignments commensurate with the expectation of 12 hours of work per week across 15 weeks in a semester. For reference, under a traditional three-unit course, you were expected to complete 9 hours of work per week inclusive.

Description of changes

The new, 4-unit Econ 102 has been modified to include more material. This extra material is incorporated into an expanded Econ 102 Course Reader (described and listed below under “Required Texts/Readings”). The reading will require an estimated 40 hours of *additional* outside activity over the entire semester. This expected time is based on average reading and writing skills. This requirement means that the new 4-unit Econ 102 course now supports achievement of the Department’s Program Learning Objective number 5: Communication.

Course Learning Outcomes and Program Learning Objectives

This is a course in intermediate macroeconomics. Using models of the economy overall, it emphasizes the interrelationships among economic variables and the impact of public policy on those variables. By the end of the course, the student should have a good grasp of what we know and what we do not know about economic growth, sustained inflation, and the business cycle. Although this course touches on the full range of Economics PLOs, it emphasizes PLO2.

PLO 2. *Macroeconomics*: Apply tools from Intermediate Macroeconomics to modeling the economy overall and explaining the interrelationships among economic variables and discussing the impact of public policy on the economy.

PLO 5: *Communication*: Demonstrate efficient communication skills.

Upon successful completion of this course, students should be able to demonstrate the following:

CLO 1. Explain the relationship between economics and public policy, as illuminated by public-choice theory.

CLO 2. Identify the macroeconomic aggregates that measure the price level, employment, and output and explain both their strengths and weaknesses.

CLO 3. Discuss what we know and what we do not know about economic growth.

CLO 4. Discuss what we know and what we do not know about sustained inflation.

CLO 5. Discuss what we know and what we do not know about the business cycle.

Required Texts/Readings

Textbooks

1. N. Gregory Mankiw, *Macroeconomics*, 7th edn. (New York: Worth, 2010); **ISBN-13:** 978-1429218870.

2. Todd G. Buchholz, *New Ideas from Dead Economists: An Introduction to Modern Economic Thought*, rev. edn. (New York: Plume, 2007); **ISBN-13:** 978-0452288447.

Other Readings

Econ 102 Course Reader, available at Maple Press, 330 South 10th Street.

Assignments and Grading Policy

The final examination, which will be comprehensive, is worth 40 points out of the total of 100 for the course. Each of two other examinations is worth 20 points toward the total. In addition, there will be twelve short, objective quizzes based exclusively on assigned weekly readings worth another 20 points. Each quiz individually is worth 2.5 points, allowing students to drop or miss four out of the twelve quizzes. There will be no make-ups for any quizzes. Although I shouldn't have to mention this, cheating on any quiz or exam will result in an automatic F for the entire course.

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Converting Number Grades to Letter Grades

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|--------|----|----------|----|-------|----|
| 97-100 | A+ | 83-86 | B | 70-72 | C- |
| 93-96 | A | 80-82 | B- | 67-69 | D+ |
| 90-92 | A- | 77-79 | C+ | 63-66 | D |
| 87-89 | B+ | 73-76 | C | 60-62 | D- |
| | | below 60 | F | | |

Also affecting final grades are the total number of quizzes students take. Although allowed to drop four out of the twelve quizzes without penalty, students who do not get a positive score (of at least one-half point) on a minimum of five quizzes automatically fail the course, no matter how well they have done on their exams. Below is listed the highest final grade that students can achieve depending on how many positive quiz scores they have received.

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|---------------------------------------|----------------------------|
| only 5 quizzes with positive score | highest possible grade: F |
| only 6 quizzes with positive score | highest possible grade: D+ |
| only 7 quizzes with positive score | highest possible grade: C+ |
| 8 or more quizzes with positive score | highest possible grade: A+ |

Classroom Protocol

This is a traditional, lecture-based course. I therefore encourage students to record the lectures if they believe doing so will help their studying. But any use of laptops, tablets, cell phones, or other electronic device for typing notes is prohibited in class. Studies have proven that students who take notes on these devices *significantly* impair their comprehension of the material. So students need to come prepared to take hand-written notes. Those who violate this prohibition will have a half point deducted from their final grade for the course (out of 100 points) for *each and every* infraction.

Because class participation helps enliven the course, it is greatly appreciated and can earn students up to one extra point toward their final grade. Finally, if you experience any difficulty in this course, please do not hesitate to come to me for help. I am available not only during office hours but also by phone, and I am always happy to clarify hard concepts, resolve any lingering confusion, or otherwise assist you in making this course enjoyable and rewarding.

University Policies

Per University Policy S16-9, university-wide policy information relevant to all courses, such as academic integrity, accommodations, etc. will be available on Office of Graduate and Undergraduate Programs' [Syllabus Information web page](http://www.sjsu.edu/gup/syllabusinfo/) at <http://www.sjsu.edu/gup/syllabusinfo/>

Econ 102—Macroeconomic Analysis Fall 2017: Course Schedule

| Week | Date | Topics, Readings, Assignments, Deadlines |
|------------|--------|---|
| 1 | Jan 25 | |
| 2 | Feb 1 | Buchholz, preface, chs. 1-4. |
| 3 | Feb 8 | Buchholz, chs. 5-8. |
| 4 | Feb 15 | Buchholz, pp. 253-71 from ch. 11; Selection in the Course Reader from David Friedman, <i>Price Theory</i> . |
| 5 | Feb 22 | Mankiw, chs. 1, 2. |
| 6 | Mar 1 | Mankiw, chs. 3, 6 (except pp. 56-8 on Cobb-Douglas). |
| 7 | Mar 8 | first examination. |
| 8 | Mar 15 | Mankiw, chs. 7, 8 (except the appendix). |
| 9 | Mar 22 | Mankiw, chs. 4, 19 (except the appendix). |
| | Mar 29 | Spring break. |
| 10 | Apr 5 | Buchholz, chs. 9-10. |
| 11 | Apr 12 | Mankiw, ch. 9, 13 (except the appendix); Buchholz, pp. 271-82 from ch. 11. |
| 12 | Apr 19 | second examination. |
| 13 | Apr 26 | Mankiw, pp. 415-16 <i>and</i> ch. 15 (except the appendix); Buchholz, ch. 12; Selection in the Course Reader from Tyler Cowen & Alex Tabarrok, <i>Modern Principles</i> . |
| 14 | May 3 | Mankiw, ch. 16; Selection in the Course Reader from Mankiw, 6th edn., ch. 19. |
| 15 | May 10 | Mankiw, ch. 5 (except the appendix), epilogue; Buchholz, ch. 13. |
| Final Exam | May 18 | DMH 234?: 2:45 to 5:00 P.M. [Note: This is a Friday] |

NOTE: In addition to the above, the Reader contains copies of or links to supplementary readings assigned for various weeks.

Course Units:

- I. Fundamentals of Public Policy.
- II. Measuring the Macroeconomy.
- III. Economic Growth.
- IV. Monetary Theory.
- V. Modeling the Macroeconomy.
- VI. The Business Cycle: Causes and Cures.
- VII. The International Economy.

For each unit, I will hand out an outline of my lecture and a list of important terms.

Optional Recommended Readings:

Introductory

Tyler Cowen and Alex Tabarrok, *Modern Principles: Macroeconomics* (New York: Worth, 2009).

Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962).

Milton Friedman, *Money Mischief: Episodes in Monetary History* (New York: Harcourt Brace Jovanovich, 1992).

Milton and Rose Friedman, *Free to Choose: A Personal Statement* (New York: Harcourt Brace Jovanovich, 1980).

Henry Hazlitt, *Economics in One Lesson: Fiftieth Anniversary Edition* (San Francisco: Laissez Faire, 1996).

David Henderson, ed., *The Fortune Encyclopedia of Economics* (New York: Warner Books, 1993).

Paul Heyne, Peter J. Boettke, and David L. Prychitko, *The Economic Way of Thinking*, 10th edn. (Upper Saddle River, NJ: Prentice Hall, 2003). [Note: If you can find it, the 5th edn. written exclusively by Heyne was the best, although more recent editions are still useful.]

Roger LeRoy Miller and Daniel K. Benjamin, *The Economics of Macro Issues*, 5th edn. (New York: Prentice Hall, 2011).

Murray Rothbard, *What Has Government Done to Our Money*, rev. edn. (Auburn, AL: Ludwig von Mises Institute, 1990).

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Optional Recommended Readings (continued):

Advanced

Armen A. Alchian and William R. Allen, *University Economics: Elements of Inquiry*, 3rd edn. (Belmont, CA: Wadsworth, 1972).

Robert J. Barro, *Macroeconomics*, 5th edn. (Cambridge, MA: MIT Press, 1997).

James M. Buchanan and Richard E. Wagner, *Democracy in Deficit: The Political Legacy of Lord Keynes* (New York: Academic Press, 1977)

R. H. Coase, *The Firm, the Market, and the Law* (Chicago: University of Chicago Press, 1988).

David Friedman, *The Machinery of Freedom: Guide to a Radical Capitalism*, 2nd edn. (La Salle, IL: Open Court, 1989).

Milton Friedman and Anna Jacobson Schwartz, *The Great Contraction, 1929-1933* (Princeton, NJ: Princeton University Press, 1965).

Roger W. Garrison, *Time and Money: The Macroeconomics of Capital Structure* (London: Routledge, 2001).

Robert J. Gordon, ed., *Milton Friedman's Monetary Framework: A Debate With His Critics* (Chicago: University of Chicago Press, 1974).

Friedrich A. Hayek, *The Road to Serfdom* (Chicago: University of Chicago Press, 1944).

John Maynard Keynes, *The General Theory of Employment, Interest, and Money* (New York: Harcourt, Brace, 1936).

David E. W. Laidler, *The Demand for Money: Theories, Evidence and Problems*, 4th edn. (New York: HarperCollins, 1993).

Steven E. Landsburg and Lauren J. Feinstone, *Macroeconomics* (New York: McGraw-Hill, 1997).

J. Huston McCulloch, *Money and Inflation: A Monetarist Approach*, 2nd edn. (New York: Academic Press, 1982).

Ludwig von Mises, *Human Action: A Treatise on Economics*, 3rd edn. (Chicago: Henry Regnery, 1966).

Don Patinkin, *Money, Interest, and Prices: An Integration of Monetary and Value Theory*, 2nd edn., abridged (Cambridge: MIT Press, 1989).

David Romer, *Advanced Macroeconomics*, 4th edn. (New York: McGraw-Hill, 2012).

Murray N. Rothbard, *Man, Economy, and State: A Treatise on Economic Principles*, 2v. (Princeton, NJ: Van Nostrand, 1962).

Murray N. Rothbard, *Power and Market: Government and the Economy* (Menlo Park, CA: Institute for Humane Studies, 1970).

Brian Snowden and Howard R. Vane, *Modern Macroeconomics: Its Origins, Development and Current State* (Cheltenham, UK: Edward Elgar, 2003).

Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 2v. (1776; reprint edn., Oxford: Clarendon Press, 1979).

Lawrence H. White, *The Theory of Monetary Institutions* (Oxford: Blackwell, 1999).