

ECB 101-4
MACROECONOMICS

Instructor: Jerry Savitsky
Office: College Hall 203
Office Phone: X4349
College E-mail: jsavitsky@cornellcollege.edu
Office Hours:

M	11:00 - 12:00
T	2:30 - 3:15
TH	2:30 - 3:15
F	11:00 - 12:00

Class Hours:

M	9:00 - 11:00; 1:15 - 2:30
T	9:00 - 11:00; 1:15 - 2:30
W	9:00 - 11:00
TH	9:00 - 11:00; 1:15 - 2:30
F	9:00 - 11:00

No hours will be added to this class schedule. You are expected to attend every scheduled class meeting.

Course Description:

Basic macroeconomic theory. Analytical evaluation of the determinants of national output, inflation, and unemployment. Examination of fiscal and monetary policies and issues in international trade and payments. Introduction of tools necessary to analyze economic models.

Course Objectives:

The primary objective of this course is to introduce and apply fundamental macroeconomic principles and models students can employ on their own to understand and explain what they observe in the world outside the classroom. Of primary interest are the determinants of national output, labor unemployment and employment, investment in physical capital and human capital, prices/inflation, and interest rates, with particular emphasis on the role government fiscal and monetary policies play in influencing/determining macroeconomic activity.

Educational Priorities and Outcomes:

This course supports the Educational Priorities and Outcomes of Cornell College with emphasis on **knowledge** (develop insights into the U.S. macroeconomy and its connections with the global economy), **inquiry** (develop and apply theoretical models of the U.S. macroeconomy), and **reasoning** (employ graphical and mathematical models to facilitate economic analyses and support conclusions).

Course Text:

Robert Frank, Ben Bernanke, Kate Antonovics, and Ori Heffetz, *Principles of Macroeconomics* (7th edition - 2019)

Readings from the text will be assigned in advance of the class lectures on the material. You are expected to do the assigned readings before the corresponding lectures.

Additional readings and documents from other sources may be assigned from time to time. I will distribute some of these readings/documents to you directly via Cornell e-mail. Other readings/documents will be found in the course folder located on the Assignments drive on the Cornell network (K:\JSavitsky\2019-2020\ECB 101-4).

Blogs, Newspapers and Magazines:

You are strongly encouraged to keep up with what is going on in economics. This is pretty easy to do these days with the proliferation of blogs, online newspapers and online magazines. You ought to look at some of the blogs, newspapers and magazines listed below and on the next page on a fairly regular basis. These websites (and many others) cover a wide range of topics typically discussed by economists, and serve as excellent examples of how economists think and how we argue (fight?) with each other. Be sure to take a look at the comments (where available). They often are more interesting and thought-provoking than the original postings/articles themselves.

The following list is, by no means, a complete list of blogs, newspapers and magazines worthy of consideration. It is simply a list of websites I tend to visit on a regular basis. Feel free to let me and your classmates know about other economics-oriented blogs, newspapers and magazines you read on a regular basis.

Blogs

Greg Mankiw's Blog at <http://gregmankiw.blogspot.com>

CARPE DIEM at <https://www.aei.org/publication/blog/carpe-diem/>

Freakonomics Blog at <http://freakonomics.com/blog/>

Cafe Hayek at <http://cafehayek.com/>

IGM Forum at <http://www.igmchicago.org/igm-economic-experts-panel>

Newspapers and Magazines

The New York Times at <http://nytimes.com/> (paywalls)

The Washington Post at <http://washingtonpost.com/> (paywalls)

Wall Street Journal at <http://online.wsj.com/home-page> (paywalls)

The Economist at <http://economist.com/> (paywalls)

Newsweek at <https://www.newsweek.com/>

Time Magazine at <https://time.com/>

Quizzes:

There will be five (5) or six (6) short quizzes this term. The quizzes will be closed-books and closed-notes. Each quiz will be announced one day in advance and will focus on lecture material introduced on the day(s) immediately preceding the quiz. Quizzes are intended to provide the incentive to keep up with the material and to identify areas/topics that might need a little more attention on your part.

Exams:

There will be three (3) exams this term. The exams will be closed-books and closed-notes. The **tentative** exam schedule is as follows:

first exam - 9:00 AM on Friday, November 22

second exam - 9:00 AM on Tuesday, December 10

third exam - 9:00 AM on Wednesday, December 18.

The exams will consist of short-answer essay questions and will cover material from class lectures and reading assignments. Make-up exams will not be offered under any circumstances. An excused absence from one of the first two exams may be offered under extreme circumstances, provided you notify me in person prior to your absence from the exam. Please note that the definition and application of “extreme circumstances” are at my discretion. Also, please note that an excused absence from the third exam will not be offered under any circumstances.

Course Grades:

Your course grade will be determined by your performance on the quizzes and exams. The quizzes will be equally weighted and will count 30% toward your course grade. The exams will be equally weighted and will count 70% toward your course grade.

The 30%/70% quiz/exam weights specified above may be adjusted slightly (by no more than 5%) if the number of quizzes given during the term exceeds the expected five (5) or six (6) quizzes.

Tutors and Peer Consultants:

Cornell's chapter of Omicron Delta Epsilon (ODE) makes tutors available for introductory ECB courses (ECB 101, ECB 102, ECB 121, and ECB 151). The ODE tutors for this course are Jessica Budlong (jbudlong21@cornellcollege.edu) and Dan Zhang (dzhang20@cornellcollege.edu). Please get in touch with them via their Cornell e-mail addresses to make arrangements for tutoring sessions if you think they might be of some assistance to you.

The Quantitative Reasoning Studio (QRS) (located in the library) employs a number of peer consultants from a variety of departments/majors, including ECB students. Feel free to seek the assistance of the QRS if you are having difficulty with the quantitative-oriented material covered in the course.

Electronic Gizmos and Gadgets:

ALL electronic gizmos and gadgets must be **TURNED OFF** and put away (completely out of sight and out of reach) during class lectures. Those who violate this regulation will be "asked" to leave the classroom for the remainder of the session and repeat offenders will be penalized 25 exam points at the end of the term for each occurrence.

“Stand alone” calculators may be used, as needed, on the quizzes and exams.

Academic Honesty:

Cornell College expects all members of the Cornell community to act with academic integrity. An important aspect of academic integrity is respecting the work of others. A student is expected to explicitly acknowledge ideas, claims, observations, or data of others, unless generally known. When a piece of work is submitted for credit, a student is asserting that the submission is her or his work unless there is a citation of a specific source. If there is no appropriate acknowledgement of sources, whether intended or not, this may constitute a violation of the College's requirement for honesty in academic work and may be treated as a case of academic dishonesty. For further information about Cornell's academic honesty policy, definitions, and procedures see the Academic Honesty section of the 2019-2020 Academic Catalogue located at <http://catalog.cornellcollege.edu/content.php?catoid=6&navoid=142>.

Americans with Disabilities Act (ADA):

Cornell College makes reasonable accommodations for persons with disabilities. Students should notify the Coordinator of Academic Support and Advising and their course instructor of any disability related accommodations within the first three days of the term for which the accommodations are required, due to the fast pace of the block format. For more information on the documentation required to establish the need for accommodations and the process of requesting the accommodations, see <http://www.cornellcollege.edu/academic-support-and-advising/disabilities/index.shtml>.

Course Outline:

What follows is a very broad outline of the topics we will cover in this course. Related readings from the course text will be assigned as we move through the term.

- I. Introduction to Demand and Supply Analysis
 - A. Demand Theory
 - B. Supply Theory
 - C. Market Equilibrium
 - D. Comparative Statics

- II. Measuring Macroeconomic Activity
 - A. Gross Domestic Product
 - B. Price Level and Inflation
 - C. Labor Market
 1. Labor Unemployment Rate
 2. Labor Employment Rate
 3. Labor Force Participation Rate

- III. Aggregate Demand/Aggregate Supply Model
 - A. Aggregate Demand
 1. Consumption Theory
 2. Investment Theory
 3. Government Spending
 - B. Aggregate Supply
 1. Labor Market (revisited)
 2. Short Run Aggregate Supply
 3. Long Run Aggregate Supply

- IV. Economic Policy
 - A. Fiscal Policy
 1. Components of the Federal Budget
 2. Budget Deficits
 3. National Debt
 - B. Monetary Policy
 1. Money, Banking, and Financial Markets
 2. Federal Reserve System

- V. International Trade
 - A. Comparative Advantage and Gains from Trade
 - B. Import Quotas and Tariffs
 - C. Exchange Rates

- VI. Selected Macroeconomic Topics (if time)
 - A. Labor Productivity and Compensation
 - B. Income Distribution
 - C. Federal Income Tax