

ECONOMICS 502.01
INTERMEDIATE MACROECONOMIC THEORY 06840-0
Winter, 2008
MW 10:30AM -12:10 PM
Smith Lab 3094

Professor Stephen McCafferty
451 Arps Hall, 292-7122

Office Hours: MW, 12:20-1:20,
and by appointment.

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Textbook: Abel / Bernanke / Croushore, *Macroeconomics 6th ed.*, Addison Wesley, 2008.

Overview:

The aim of this course is to familiarize the student with key barometers of macroeconomic activity and to enable him/her to understand how these magnitudes are determined. The underlying purpose is twofold. First, we wish to provide students with an understanding and appreciation of how the economy in which they participate can function effectively. Secondly, we wish to enable the students to critically evaluate policy prescriptions advanced to improve the performance of the economy when it fails to function effectively on its own.

Grading Procedures:

The course grade will be determined primarily based on the student's performance on two midterm examinations and a final examination. The final examination will be comprehensive. Five homework sets will be assigned and graded. Answer sheets will be posted. No points will be awarded for homework sets turned in after answers have been posted. Absence from tests and the final exam result in a grade of zero unless you supply evidence of unusual circumstances (such as illness). The instructor will be the final arbitrator of what constitutes an acceptable circumstance. There will be no make-up exams. In the event of an excused absence for an exam, the scores of the other exams will be used to prorate the score on the missing exam. Additionally, a maximum of 20 points may be awarded as a reward for the positive externalities generated by attendance and participation.

Examination Schedule:

Midterm I: Monday, January 28
Midterm II: Monday, February 18
Final: Thursday, March 13, 9:30-11:18 AM

Grading Weights:

Midterms: 100 points each.
Final: 120 points.
Homework Sets: 6 points each.
Attendance 20 points maximum.

Course Outline:

1. Introduction (Chapters 1, 2)
The Study of Macroeconomics
Macroeconomic Measurements
2. The Real Economy (Chapters 3, Sections 1-4, Chapter 4)
Equilibrium in the Labor Market
Equilibrium in the Goods Market
3. Open Economy Macroeconomics (Chapter 5, Chapter 13, Section 1 only)
Balance of Payments Accounting
Saving and Investment in Open Economies
Exchange Rates
4. Money, Prices, and Exchange Rates (Chapter 7)
Measurement
Money Market Behavior and Money Market Equilibrium
Money, Prices, and Inflation
5. Business Cycles (Chapter 8, Sections 1-3)
The Historical Record
The Typical Business Cycle
6. Real Business Cycle Theory (Chapter 10)
A Typical Cycle in Theory
The Role of Money in the Classical Model
Real Business Cycle Theory and Business Cycle Facts
7. The IS-LM/AD-AS Model (Chapter 9)
Equilibrium with pre-set Prices
Prices and Aggregate Demand
Short-Run and Long-Run Aggregate Supply
8. Keynesian Business Cycle Theory (Chapter 11)
Wage and Price Rigidity
Policy in the Keynesian Model
Keynesian Theory and Business Cycle Facts

Anyone who feels they may need an accommodation based on the impact of a disability should contact the instructor as soon as possible. I rely on the Office For Disability Services (292-3307) for assistance in verifying needs and developing accommodation strategies.

The Economics Department provides free tutoring services to students enrolled in ECON 200 and 201. The Economics Learning Center (ELC) is located in Arps 341, and is open Monday-Friday from 9:30-5:00. Other courses may be tutored when tutors have adequate experience and are available.