



Northeastern University
Department of Economics

Macroeconomic Theory

CECNU315

Prof. María José Luengo-Prado

Fall 2007

⌚ M/W/Th. 9:15-10:20am

📍 315 Behrakis

⌚ **Office Hours:** Mondays 3:30-4:30pm
Wednesdays: 3:30-5:30pm.
Also by appointment.

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👤 **TA:** Sonali Rana

Office hours: Wednesdays 1-3pm and by appointment.

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Course Description

CECNU315 is an intermediate course in macroeconomic theory for undergraduate economics majors and for non-majors who have the appropriate background and are interested in macroeconomic theory and policy.

The course provides a systematic introduction to the key elements of macroeconomic analysis: the forces driving economic growth, the causes of business cycles, and the role of macroeconomic policy in promoting growth and dampening economic fluctuations. In Principles of Macroeconomics, you were introduced to most of these concepts, however, in this course, the analysis we use is slightly more complex. We combine mathematical and graphical solutions to the different models and pay particular attention to the role and validity of the assumptions in each model. We start the course with a refresher on how to measure economic performance. Then, we introduce different models that can be used to analyze the observed data. The last step is policy recommendation.

By the end of this course, you should be able to interpret economic models and learn how to analyze macroeconomic performance within the context of these models. Also, you should be able to critique articles on economic issues in publications such as the Economist, using good economic intuition and knowledge. Finally, you should be familiar with useful macroeconomic data sources.

This course will be much more exciting and useful if you actively participate in class and ask lot of questions!



Prerequisites

Principles of Macroeconomics and Principles of Microeconomics (CECNU115 and CECNU116).

Textbook

Macroeconomics, sixth edition, by N.G. Mankiw, Worth Publishers, 2006.

The textbook includes all sorts of interactive materials to help you study. You can access the materials following the link on Blackboard or directly at <http://bcs.worthpublishers.com/mankiw6/>

Blackboard

I use Blackboard to distribute all course materials. To use Blackboard, log in to your myNEU account. If you have officially registered for the course, it should automatically appear in your Course List. Click on “ECNU315 MACRO.Luengo.Spring2007”. If the course does not appear in your list, let me know as soon as possible.

A Blackboard tutorial can be found at <http://www.discoveringblackboard.neu.edu>.

Please, use the appropriate “Discussion Board” on Blackboard to ask questions about course content, homework, etc. instead of email.

Course Requirements and Grades

(dates may be subject to change)

5 problem sets	25%–100 points
2 Midterm Exams (Oct. 18 and Nov. 15)	30%–120 points
1 Comprehensive Final (Dec. 7)	45%–180 points
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TOTAL	100%–400 points

The Problem Sets

There will be 5 problem sets. The following rules apply and will be strictly enforced without exceptions:

- Homework will be posted on Blackboard and will be due at the beginning of the specified class period.
- Since problems sets are posted well in advanced the due date, late homework will not be accepted. If you cannot make it to class the day the problem set is due, please make arrangements for your homework to be delivered beforehand. Physical or electronic



delivery on Blackboard are both acceptable. However, I will not accept homework through email (use the assignment feature on Blackboard instead).

- Homework are graded by the TA. If you have complaints about the grading of a problem set, do the following: within 1 week after the problem set was returned, hand back to me your graded homework and a brief written statement explaining your complaint (i.e. which question you think was graded wrongly and why). I will regrade the assignment.
- I encourage you to work in groups on the assignments. However, everybody has to hand in his/her own, uniquely written assignment. Note that exams will be similar to problem sets, so you would only hurt yourself by not working out the problems and copying them from someone else.
- On occasion, I may distribute **extra-credit assignments**. These are voluntary assignments proposed by the instructor. They may consist of news analysis, attendance to lectures in economics on campus, etc. The assignments are not long (you are not required to write more than a couple of pages) but have firm due dates. In other words, I will not accept late assignments since they will be posted well in advance the due date. Keep in mind that the extra-credit points always come handy at the end of the semester!
- In addition to homework, it is strongly recommended that you try the review questions at the end of each chapter and take advantage of the interactive learning materials that come with your textbook. Also, I have posted past exams and some self-assessment materials on Blackboard.

Midterms

There will be two in-class examinations on October 18 and November 15 (subject to change). These exams represent a total of 120 points (30% of your grade). There will not be make-up exams unless you have a valid conflict, about which you have to inform me at least 2 weeks before the exam. If you skip these exams at the last minute, please be aware of the fact that, unless you were completely incapacitated, you will not be able to make up the exam nor will I weight your final higher to adjust for the missing points.

The Final Exam

The final is a comprehensive exam and will count 180 points (45% of your grade). It is scheduled for December 7 at 8am. Room TBA. The final's date is set by the university. Be advised that I will not change the exam to accommodate students' personal travel. In case of exam conflict, please follow the university policy described at <http://www.registrar.neu.edu/finexconflict.html>



Grades

Grades will be assigned based on the points attained in the class as the following table indicates.

Points	Grade
372-400	A
350-371	A-
310-349	B+
280-309	B
260-279	B-
240-259	C+
220-239	C
200-219	C-
180-199	D
0-179	F

Note that I do not curve grades. If every student deserves a good grade, then I will only give good grades. The best strategy for receiving a good grade is class attendance and hard work.

Keep in mind

- ⇒ Poor performance is not a valid reason for an **incomplete**. An incomplete is given only under exceptional circumstances and requires satisfactory completion of a substantial part of the course. A grade of incomplete will require a signed “contract” specifying completion arrangements. The instructor determines the legitimacy.
- ⇒ The course can be taken **Pass/Fail** by non-freshman students for whom it is not a required course. It is the student’s responsibility to determine if he/she is eligible to take the course under this option. The instructor must be informed of this decision no later than one week after the second midterm exam is returned to the student. When permitted, students **MUST** earn the equivalent of a C- or higher to receive a Pass grade. A contract will be signed between the student and the instructor to keep record of the request. Do not ask during or after the final exam for a Pass/Fail grade.
- ⇒ Northeastern University is committed to the principles of **intellectual honesty and integrity**. All members of the Northeastern community are expected to maintain complete honesty in all academic work, presenting only that which is their own work in tests and assignments. Students found cheating or plagiarizing will receive an F in the course and will be referred to the Dean of Students for appropriate action.



Class Etiquette

- **Attendance is expected.** I have it well tested that in my classes most of the students that get bad grades do so because they do not attend classes regularly. Moreover, class participation can make a difference if you are on the borderline between two grades. Class participation includes contributing orally in class as well as bringing in relevant items of interest.
- You are expected to be **punctual and respectful**. Cell phones off, please!
- Please, do not leave the classroom during lectures unless strictly necessary.
- Readings and homework will be assigned weekly and announced on Blackboard. If a reading is marked as “required”, please **come to class prepared**.
- Be advise that I **could call** during lectures and I expect you to make an effort to answer questions intelligently.
- Behaviors that are **disruptive** to teaching and learning **will not be tolerated** and will be referred to the Student Conduct Program for disciplinary action.

Where to go for help

(other than the instructor who really encourages to make use of her office hours)

- **The Teaching Assistant.** The teaching assistant for this class is Sonali Rana. Ms. Rana is a master student in the economics department. She holds office hours weekly—Wednesdays 1-3pm. She is also available by appointment given sufficient advance notice.
- **Blackboard.** You can post questions in the appropriate Discussion Board on Blackboard. Be specific in your headings so that your question can be quickly identified. Questions posted by 10pm will be answered by the instructor or the T.A. within a couple of hours. Questions posted after 10pm will be answered the following day. Anyone is allowed and encourage to answer questions by a classmates!
- **Students with Special Needs.** The University will make reasonable accommodations for persons with documented disabilities. Students should notify the Disability Resource Center (located in 20 Dodge Hall) and their instructors of any special needs. Instructors should be notified the first week of classes.



Outline

INTRODUCTION

1. Introduction. Chapters 1 and 2.

THE ECONOMY IN THE LONG RUN: CLASSICAL THEORY

2. National Income. Chapter 3.
3. Money and Inflation. Chapter 4.
4. The Open Economy. Chapter 5.
5. Unemployment. Chapter 6.

THE ECONOMY IN THE VERY LONG RUN: GROWTH THEORY

6. The Solow Model. Chapter 7.
7. Empirics and Beyond the Solow Model. Chapter 8.

THE ECONOMY IN THE SHORT RUN: BUSINESS CYCLE THEORY

8. Introduction. Chapter 9.
9. Aggregate Demand (AD). Chapters 10, 11 and 12.
10. Aggregate Supply (AS). Chapter 13.)

MACROECONOMIC POLICY

11. Stabilization Policy. Chapter 14.
 12. Government Debt (time permitting). Chapter 15
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**TENTATIVE SCHEDULE**

WEEK	MONDAY	WEDNESDAY	THURSDAY
Week 1- Sep. 3		1 st class/ch.1	ch.2
Week 2- Sep. 10	ch.2	ch.2	ch.2
Week 3- Sep. 17	ch.3	ch.3	ch.3 Homework 1 is due
Week 4- Sep. 24	ch.3	ch.4	ch.4 Homework 2 is due
Week 5- Oct. 1	ch.4	ch.5	ch.5
Week 6- Oct. 8	Columbus day	ch.5/ch.6	ch.6
Week 7- Oct. 15	ch.6 Homework 3 is due	ch.7/review	Midterm 1 (ch.1-ch.6)
Week 8- Oct. 22	ch.7	ch.7	ch.7
Week 9- Oct. 29	ch.8	ch.8	ch.8
Week 10- Nov. 5	ch.9 Homework 4 is due	ch.9/ch.10	ch.10/ch.11
Week 11- Nov. 12	Veterans' day	ch.11/review	Midterm 2 (ch7-ch.9)
Week 12- Nov. 19	ch.11	Thanksgiving Break	
Week 13- Nov. 26	ch.11/ch.12	ch.13	ch.13 Homework 5 is due
Week 14- Dec. 3	ch.13/ch.14	ch.15/Last class	Reading day

Comprehensive Final Exam on Friday Dec. 7 at 8am, Room TBA.