

**Economics 312: Macroeconomic Theory  
(Winter 2012)**

Course Time: TTh 14:00 – 15:50

Place: Neuberger Hall 42

<b>Instructor:</b>	Hiro Ito, Associate Professor of Economics
<b>Office:</b>	Cramer Hall 241-F
<b>Email:</b>	<a href="mailto:ito@pdx.edu">ito@pdx.edu</a>
<b>Phone:</b>	x5 – 3930
<b>Office Hours:</b>	TTh: 16:00 – 17:00, or by appointment
<b>Teaching Assistant:</b>	Yertai Tanai ( <a href="mailto:yertai@pdx.edu">yertai@pdx.edu</a> )
<b>TA's Office Hours:</b>	TBA

## 1. Course Objective

This course deals with macroeconomic theory and policy analysis with the intermediate intensity and levels. Students should have a familiarity with algebra (solving simultaneous equations) and with principles of macroeconomics and microeconomics. Knowledge of basic calculus (partial and total differentials) and introductory statistics (linear regression) will be helpful, but not required. The main part of the course will focus on the IS-LM framework. With the knowledge and skills obtained in this course, students should become able to conduct policy analysis.

The Principles of Microeconomics and Macroeconomics (EC201 and 202) are prerequisites for this course. Microeconomic Theory (EC311) is also a prerequisite. This course is formerly called EC 375 or EC 473. Regardless of the course number, there is NO change in terms of the course material, substance, the level of intensity, and requirements.

## 2. Course Material

The required textbook for this course is:

Olivier Blanchard, *Macroeconomics* 5<sup>th</sup> Edition (Prentice-Hall, 2010)

The version tailored for this course is textbook is available for a discounted price only at PSU's Bookstore <http://www.psubookstore.com/Textbooks/index.html> . *Previous editions are acceptable. However, keep in mind that the page numbers may not be the same. It is your responsible to check whether you are reading the right material in case you use an older edition of the book.*

If you want to brush up on your knowledge of principle macroeconomics, you may refer to

Baumol, William J. and Alan S. Blinder, *Macroeconomics: Principles and Policy*, any edition. This textbook is available at PSU library.

### 3. Classroom Policy and Attendance

I expect you to be a responsible citizen in the classroom. Please be considerate of others while in class. Please turn off your cell phone, or anything that makes a sound.

Class attendance is checked. The attendance check sheet is circulated in the first five minutes of each class session. *Do not come in late; if you come later than the first five minutes of a class session, it will be considered that you missed the class.* Also, do not leave the room in the middle of the class. It's merely distracting to others, and not helpful for yourself. If you must miss class, come in late, or leave early, you should inform me in advance. Please come to class prepared to stay for the full class period.

### 4. Grading

Your grade will be determined as follows:

10%	Attendance and class participation
15%	Mini exam I
25%	Midterm
15%	Mini exam II
35%	Final Exam

#### **Rules on Grades (IMPORTANT!!):**

*I will not provide "Incomplete" for those who decide to drop the course after the drop classes period, or start to think that they will not be able to finish the course.* The final grade will be based on the grade records available with me as of the end of the term. *I will provide no extra credit or make-up assignments for those who want to improve their grades, either.*

#### **Information on Grades**

I will not give you any information regarding your grade through email because of the security issues. You can consult with me in person about your grade standing, but I may not be able to give you specific advice on what you can do to improve your grade.

#### **Class Participation**

Attending classes and participating in class discussions are highly important and help you do well on the exams. In a case where a student is on the border line between one grade and another, I will consider class participation in deciding which way to push the grade.

## 5. Course Policies

### Affirmative Action

Portland State University supports equal opportunity for all, regardless of age, color, disability, marital status, national origin, race, religion or creed, sex or gender, sexual or gender identity, sexual orientation, veteran status, or any other basis in law.

### Disability Resources at PSU

Students with accommodations approved through the Disability Resource Center are responsible for contacting the faculty member prior to, or during, the first week of term to discuss accommodations. Students who believe they are eligible for accommodations but who have not yet obtained approval should contact the DRC immediately. While it is a university policy that you must be registered at the Center in order to get some sort of accommodation, it is important to keep in mind that I am more than glad to work with you. Even if you inform me of your need to get accommodation after an exam, I will not be able to consider it in grading your exam. PSU policies on accommodations can be found in the Disability Resource Center Handbook (<http://www.ess.pdx.edu/iasc/drc/handbook.pdf>).

### Academic Honesty

Academic honesty is expected and required of students enrolled in this course. Suspected academic dishonesty in this course will be handled according to the procedures set out in the *Student Code of Conduct*.

## 6. Class schedule and reading assignments

The class schedule and reading assignments shown below are subject to change. The class proceeds under an assumption that you have read the assigned chapters and attempted to understand the material before the class period. However, you should not feel shy about asking questions in class if you have questions or something you want me or the class to clarify about the material. It is important to raise issues and discuss them in class. I will do my best to encourage for you to do so. You should also make the most use of my office hours to consult with me on the course material.

### Important Dates

<b>January 26 (Thus.)</b>	<b>Mini exam I</b> (60 minutes, multiple choice questions)
<b>February 9 (Thus.)</b>	<b>Midterm exam</b> (80 minutes, multiple choice questions + short essays)
<b>March 1 (Thus.)</b>	<b>Mini exam II</b> (60 minutes, multiple choice questions)
<b>March 19 (Monday)</b>	<b>In-class final exam</b> (100 minutes; comprehensive)

**Lecture schedule (The chapters shown below are the ones you need to have read BEFORE attending the class)**

<b>WEEKS</b>	<b>CHAPTERS</b>	<b>TOPICS TO BE COVERED IN CLASS</b>
Week 1	1-2	Intro.; National income accounting; definitions

Week 2	3&4	Goods market and financial markets
Week 3	5	IS-LM
<b>January 26 (Thu.)</b>	<b>Mini exam I</b>	<b>Ch. 1-4, part of Ch.5</b>
Week 4	5, 6 7	IS-LM, continued; labor market AS-AD
Week 5	8	The natural rate of unemployment and the Phillips Curve
<b>February 9 (Thus.)</b>	<b>Midterm exam</b>	<b>Ch. 1-7</b>
Week 6	8, 9	Inflation, activity and nominal money growth
Week 7	10, 11, 12	Economic growth; Saving, capital accumulation, and output; Technological progress and growth
Week 8	12 continued	
<b>March 1 (Thu.)</b>	<b>Mini exam II</b>	<b>Ch. 8-12</b>
Week 9	13 14	Basics of expectations Financial markets & expectations
Week 10	15&16	Consumption and Investment; Expectations, Output, and Policy
<b>March 19 (Mon.)</b>	<b>10:15 – 12:05 In-class Final exam:</b>	<b>Comprehensive, i.e., accumulative, inclass, closed-note</b>

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If you have any administrative questions such as classroom change and class cancellation due to the instructor's illness, contact the Economics Department's administrative assistant, Margie Port (x5-3915; [mport@pdx.edu](mailto:mport@pdx.edu)).