Econ 210/310 Macroeconomic Theory

Instructor: Mohammad R. Moeini-Feizabadi
Class: MW 10:35 AM – 12:00 PM in CL03-11
Office: HCC 2nd floor
Office Hours: Wed 2:00-3:00 pm or by appointment
Phone: (413) 644-4950
Email: mmoeini@simons-rock.edu

Overview

“\textit{The master-economist must possess a rare combination of gifts. He must be mathematician, historian, statesman, philosopher—in some degree. He must understand symbols and speak in words. He must contemplate the particular in terms of the general, and touch abstract and concrete in the same flight of thought. He must study the present in the light of the past for the purposes of the future. No part of man’s nature or his institutions must lie entirely outside his regard. He must be purposeful and disinterested in a simultaneous mood; as aloof and incorruptible as an artist, yet sometimes as near the earth as a politician.}”

~ John Maynard Keynes

Course Description

Macroeconomics is the attempt, throughout history, to understand phenomena such as unemployment, inflation, theory of money, financialization, theory of consummation, the business cycle, economic growth and economic depression; and how governments, through fiscal and monetary policy, have addressed these issues. Following the quote above, we study the issues and ideas of macroeconomics in a variety of perspectives with an emphasis on economic history, philosophy, economic data, and politics. Each perspective has its own contribution to make to our understanding of the economy. At intermediate level we will get engaged in a more in-depth analysis of the above-mentioned topics while trying to put theories in the historical context of their evolution.

Textbooks

There are two textbooks for the course: (1) \textit{Macroeconomics} (12th edition) authored by Robert J Gordon, and (2) \textit{Modern Macroeconomics: Its Origin, Development and Current State} (1st edition) by Brian Snowdon and Howard R. Vane.

Class Activity and Course Evaluation

Course evaluation will be based on (1) class attendance, and (2) class participation, (3) bi-weekly Moodle discussion forums, (4) three relatively short take-home exams, and (5) a final in-class exam for 200 level students. Students who take the course at the 300 level must write a term paper instead of taking the final exam. In the last week of the classes the 300 level students are supposed to present the proposal of their term paper, to be ready to take questions from the
classmates and the instructor of the course, to listen to the comments, and to be prepared for addressing the received questions and comments.

(1) Class attendance
Class attendance includes both physical attendance and an intellectual one. Students are supposed to arrive to class on time, to actively participate in class discussions, to raise questions and to be ready to answer questions raised by the instructor of the course as well as to those raised by their classmates.

(2) Keyword discussion
At the end of each class session, the instructor of the course will assign the reading(s) for the next class. Each student is expected to read the reading(s), to choose one ‘keyword’, to write a paragraph long reaction note about the selected keyword, to print the written piece, and to submit it to the instructor. Reactions notes will serve us as the basis of the class discussion; they also will serve the instructor as an attendance document. Hence, it is mandatory that each student write down her or his name on her or his reaction note before submitting it to the instructor. The reaction notes will be collected at the beginning of the class.

(3) Moodle discussion forums
Six discussion questions will be posted to the Moodle Forum. Each student will be responsible for one, and only one question; he or she will be assigned one question. The student responsible for the question is supposed to write a 900-1000 word essay (Econ 210) or a 1200-1500 (Econ 310) word essay in reaction to the Moodle question. Other students are required to read the post, to think about it, to post to Moodle a 150-200 word comment about their classmate’s post, and to come to class ready for a discussion in defense of their comment. Moodle questions will be posted a week before the deadline.

(4) Three take-homes
Take-home midterms will be handed out on 02/19, 04/02, and 04/30. Due dates will be 02/24, 04/07, and 05/05 respectively. Midterms will not be comprehensive.

(5) Final exam
Final exam, which will be comprehensive, is going to be in-class. Time and place will be determined by the Registrar. A week before the exam the instructor will provide you with a comprehensive study guide. Study guide will is supposed to serve you as a “road map of the final with sufficient details”. No exam question will be asked unless it is in the study guide.

Grading
Your term grade for the course will be determined by a weighted-average of the following:
Class attendance and participation 20%
Moodle Forums 20%
Three take home exams 30%
Final term paper 30%

Final grades will not be curved, and there will not be extra credit. Final grades will be translated to letter grades based on the grading scale shown below:
A =93–100; A- =90–92; B+ =86–89; B =82–85; B- =79– 81; C+ =77-78; C =74-76; C- =70–73; D+ =67-69; D =64-66; Fewer than 64 points= F.
Topics for take-home exams and the final paper will be drawn from the textbooks, and from the additional readings.

**Reading and Exams**

**Week 1: 01/27 & 01/29**
(G) Ch.1 What Is Macroeconomics?  
(S&V) Ch.1 Understanding Modern Macroeconomics

**Week 2: 02/03 & 02/05**
(G) Ch.2 The Measurement of Income, Prices, and Unemployment  
(G) Ch.3 Income and Interest Rates: The Keynesian Cross Model and the IS Curve  
(S&V) Ch. 2 Keynes v. the ‘old’ classical model  
**First Moodle due on 02/09 at 11:55 PM**

**Week 3: 02/10 & 02/12**
(G) Ch. 4 Strong and Weak Policy Effects in the IS-LM Model  
(S&V) Ch. 3 The orthodox Keynesian school  
(G) APPENDIX TO CHAPTER 4: The Elementary Algebra of the IS-LM Model

**Week 4: 02/17 & 02/19**
(G) Ch. 5 Financial Markets, Financial Regulation, and Economic Instability  
**Second Moodle due on 02/23 at 11:55 PM**

**First midterm exam will be handed out on 02/19**

**Week 5: 02/24 & 02/26**
**Hard copy of the first exam due on 02/24**
(G) Ch. 6 The Government Budget, the Government Debt, and Limitations of Fiscal Policy  
(G) Ch. 7 International Trade, Exchanges Rates, and Macroeconomic Policy

**Week 6: 03/03 & 03/05**
(G) Ch. 7 International Trade, Exchanges Rates, and Macroeconomic Policy (continued)  
(G) Ch. 8 Aggregate Demand, Aggregate Supply, and the Great Depression  
**Third Moodle due on 03/09 at 11:55 PM**

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1 Articles with (*), which are available through Moodle, are optional.  
2 “G” stands for Gordon, “S&V” for Snowdon and Vane
Week 7: 03/10 & 03/14
(G) Ch. 9 Inflation: Its Causes and Cures
APPENDIX TO CHAPTER 9: The Elementary Algebra of the SP-DG Model

Spring Break: 03/17 – 03/26

Week 8: 03/31 & 04/02
(G) Ch. 10 The Goals of Stabilization Policy: Low Inflation and Low Unemployment
Fourth Moodle due on 04/06 at 11:55 PM
Second midterm exam will be handed-out on 04/02

Week 9: 04/07 & 04/09
Hard copy of the second exam due on 04/07
(G) Ch. 11 The Theory of Economic Growth
(G) Ch. 12 The Big Questions of Economic Growth
(S&V) The renaissance of economic growth research

Week 10: 04/14 & 04/16
(G) Ch. 13 Money, Banks, and the Federal Reserve
(G) Ch. 14 The Goals, Tools, and Rules of Monetary Policy
(S&V) Ch. 4 The orthodox monetarist school
Fifth Moodle due on 04/20 at 11:55 PM

Week 11: 04/21 & 04/23
(G) Ch. 15 The Economics of Consumption Behavior

Week 12: 04/28 & 04/30
(G) Ch. 16 The Economics of Investment Behavior
Sixth Moodle due on 05/04 at 11:55 PM
Third take-home exam will be handed out on 04/30
Week 13: 05/05 & 05/07

Hard copy of the third exam due on 05/05
(G) Ch. 17 New Classical Macro and New Keynesian Macro
(S&V) Ch. 5 The new classical school
(S&V) Ch 6 The real business
(S&V) Ch. 7 The new Keynesian school

Week 14: 05/12 & 05/14

(G) CHAPTER 18 Conclusion: Where We Stand
18-1 The Evolution of Events and Ideas
(S&V) Ch. 8 The Post-Keynesian school
(S&V) Ch 9 The Austrian school

Class Presentation(s) of term paper proposal(s)