

## **Economics 502.01: Intermediate Macroeconomics**

*“It’s not enough to bash in heads. You’ve got to bash in minds.” – Capt. Hammer*

Winter 2009  
Class Time: TR 1:30 pm-3:18 pm  
161 MacQuigg Lab

Lecturer: Lucas M. Engelhardt  
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Office Phone: 292-2087  
Office Hours: Tuesday and  
Thursday, 3:30-5:00 pm

### **Course Objectives**

According to the course catalog, Intermediate Macroeconomics is about “Analysis of the determinants of national output, income and employment levels; theory of economic growth and progressive equilibrium in an economy.”

This course will study major macroeconomic phenomena including those listed in the course catalog description in the context of a dynamic economy guided by purposeful individuals. The course will also introduce the development of modern macroeconomic models, and evaluate those models.

The focus of the course will be on understanding macroeconomic phenomena as the consequences of purposeful human action.

### **Required Texts**

#### *Textbook*

Richard T. Froyen, Macroeconomics: Theories and Policies,  
9<sup>th</sup> ed. (Prentice Hall, 2009)

Available from the Barnes and Noble bookstore for about \$155, also available on Amazon.com for about \$125. I would say that the book is not “necessary” until October 14, so there should be time to order it online if you do so quickly.

#### *Reading for January 6:*

Macroeconomic Methodologies – available on Carmen

#### *Readings for January 8:*

Batemarco, Robert. “GNP, PPR, and the Standard of Living”, *Review of Austrian Economics* 1 (1987): 181-186. [http://mises.org/journals/rae/pdf/RAE1\\_1\\_10.pdf](http://mises.org/journals/rae/pdf/RAE1_1_10.pdf)

Information about the Genuine Progress Indicator -

[http://www.rprogress.org/sustainability\\_indicators/genuine\\_progress\\_indicator.htm](http://www.rprogress.org/sustainability_indicators/genuine_progress_indicator.htm)

Webb, Roy. “The National Income and Product Accounts”

[http://www.richmondfed.org/publications/economic\\_research/macro\\_economics/madnipa.cfm](http://www.richmondfed.org/publications/economic_research/macro_economics/madnipa.cfm)

Webb, Roy. “Macroeconomic Price Indices”

[http://www.richmondfed.org/publications/economic\\_research/macro\\_economics/price.cfm](http://www.richmondfed.org/publications/economic_research/macro_economics/price.cfm)

*Readings for January 13:*

Hayek, Friedrich. “The Use of Knowledge in Society”, American Economic Review 35 No. 4 (1945): 519-530. <http://www.econlib.org/Library/Essays/hykKnw1.html>

*Readings for January 15:*

Rothbard, Murray N. “The Austrian Theory of Money”, <http://mises.org/rothbard/money.pdf>

*Readings for January 20:*

Introduction to Austrian Capital Theory – on Carmen

Rothbard, Murray N. Man, Economy, and State Chapter 12, Section 11.B-F, available at: <http://mises.org/rothbard/mes/chap12f.asp#11B>. Credit Expansion Business Cycle

## Grading

Midterm	40% of course credit
Final	40% of course credit
Homeworks	20% of course credit

## Midterm and Final

The Midterm and Final will have similar formats and will have a variety of question types (some multiple choice, some short answer, some problems).

No makeup exams will be given, and you cannot take the final early. If you miss the midterm for some reason, then your final grade will count for 80% of the overall grade. Also, if you complete all the homeworks, then you will have a “final substitution option”, and your grade will be based on your final alone, if the score on the final alone is higher than the score for the class overall.

## Homework

There will be 4 homework assignments (due on the dates described in the syllabus). Homework may be submitted by e-mail before the end of class on the due date.

## Letter Grades

How are letter grades determined for the course? The process is somewhat complicated, but it’s something like this.

<i>First run grades</i>	< 35 points – E
	>35, <50 points – D
	50-60 – C-
	60-70 – C
	70-80 – C+
	80-83 – B-
	83-86 – B
	87-89 – B+
	90-93 – A-
	94+     A

<i>Curved grades</i>	Adjust the lines so that:
	At least the top 30% - A or A-
	At least the next 35% - B+, B, B-
	Exception: No one below 50 points will receive a grade higher than a D+. And none below 35 a grade higher than an E.

## **Class Policies**

1. Attendance is recommended but not required: so, if you come, be prepared to be a part of the class. If you want to read the newspaper, do it in Starbucks: they play better music than I do. Also, attendance will be taken into account when I decide how busy I am during unscheduled office time.
2. Food and drink are allowed, presuming that food/drink related noise are kept to a minimum. (In other words, no noisy bags/wrappers.)
3. Cell phones: cell phones should be off or silenced, and should not be used for text messaging during class. If your cell should ring during class, I will likely ask who it is, and perhaps make a joke about it.
4. Sleeping: Please avoid sleeping in class. If you do fall asleep, I will make a point of not waking you.
5. Late assignments – Late assignments will not be accepted.
6. Academic Misconduct: It is the responsibility of the Committee on Academic Misconduct to investigate or establish procedures for the investigation of all reported cases of student academic misconduct. The term “academic misconduct” includes all forms of student academic misconduct wherever committed; illustrated by, but not limited to, cases of plagiarism and dishonest practices in connection with examinations. Instructors shall report all instances of alleged academic misconduct to the committee (Faculty Rule 3335-5-487). For additional information, see the Code of Student Conduct: ([http://studentaffairs.osu.edu/resource\\_csc.asp](http://studentaffairs.osu.edu/resource_csc.asp))

Students with disabilities that have been certified by the Office for Disability Services will be appropriately accommodated, and should inform the instructor as soon as possible of their needs. The Office for Disability Services is located in 150 Pomerene Hall, 1760 Neil Avenue; telephone 292-3307, TDD 292-0901; <http://www.ods.ohio-state.edu/>.

## Tentative Schedule

January 6 – Introduction (Chapter 1 and Readings)

January 8 – Macroeconomic Data (Chapter 2 and Readings)

January 13 – Coordination in the Macroeconomy (Hayek “Use of Knowledge”)

January 15 – The Role of Money in the Macroeconomy (Rothbard “Austrian Theory of Money”)

January 20 – Sustainable and Unsustainable Growth – The Austrian Theory of Growth and the Cycle (Rothbard, Man, Economy, and State selection)

January 22 – Classical Macro (Chapters 3 and 4) – **Homework 1 Due**

January 27 – The Keynesian System (Chapters 5 and 6)

January 29 – The Keynesian System, cont. (Chapters 7 and 8)

February 3 – Midterm Review and Catch-up Day

February 5 – **Midterm**

February 10 – The Monetarist Counterrevolution (Chapter 9)

February 12 – Output, Inflation, and Unemployment: Alternative Views (Chapter 10)

February 17 – New Classical Economics (Chapter 11) – **Homework 2 Due**

February 19 – Real Business Cycles and New Keynesian Economics (Chapter 12)

February 24 – Money, the Banking System, and Interest Rates (Chapter 16)

February 26 – Optimal Monetary Policy (Chapter 17) – **Homework 3 Due**

March 3 – Fiscal Policy (Chapter 18)

March 5 – Intermediate-Run Growth (Chapter 19)

March 10 – Long-Run Growth (Chapter 20) – **Homework 4 Due**

March 12 – Review Day

**Final – Monday, March 16 1:30-3:18 pm**