

## SYLLABUS

Two purchases are required. The first is *Macroeconomics: Principles and Tools* by Arthur O'Sullivan and Steven M. Sheffrin (3rd ed.), which is cited as "O'SS" in the reading list on the back side. It comes with a free *Study Guide*; and is sold at UCD Book Store. The second is a reader called "The Packet for Economics 1B," which is on sale at Navin's Copy Shop on the corner of 3rd Street and University Avenue.

### Approximate lecture schedule:

(R = Thursday.)

|                         |  |
|-------------------------|--|
| T, January 7            | What the course is about                         |
| T, Jan. 7 - R, Jan. 9   | Basic demand and supply                          |
| T, Jan. 14 - R, Jan. 16 | On caring about unemployment, inflation, and GDP |
| T, Jan. 21 - T, Jan. 28 | The Keynesian view of aggregate demand           |
| T, Jan. 28 - R, Jan. 30 | Government fiscal policy (demand side)           |

### **First midterm (25% of grade), 194 Chem, Tuesday, February 4, 9:00 - 10:20 am**

|                             |   |
|-----------------------------|---|
| R, Feb. 6 - T, Feb. 11      | Why care about deficits, debt, and social security? |
| T, Feb. 11 - R, Feb. 20     | Money and monetary policy                           |
| R, Feb. 20 - T, February 25 | Exchange rates and the world economy                |

### **Second midterm (25% of grade), 194 Chem, Thursday, Feb. 27, 9:00 - 10:20 am**

|                        |   |
|------------------------|---|
| T, Mar. 4 - T, Mar. 11 | Private finance and the stock market  |
| T, Mar. 11 - R, Mar 13 | Government fiscal policy (supply side):<br>Taxes, social spending, and growth |

### **Final exam (40% of grade), 194 Chem + other rooms, Thursday, March 20, 4:00-6:00**

### Reading assignments:

You should have completed the readings by certain dates when your section meets. Your sections meet either on Mondays and Wednesdays or on Tuesdays and Thursdays. The target dates for the readings are shown on the back of this sheet. Wherever the reading list gives assignments from the O'SS text, you should also read the *Study Guide* chapter with the same number.

Materials handed out in lecture are also assigned, unless they are labeled as "not assigned." There might also be a few other short news-items assigned readings handed out in lecture, depending on national and world events during the quarter. All other assigned readings are in The O'SS text and The Packet.

Review sessions before each exam, at times and places to be announced.

If your section meets on:

| Mon. (M) -<br>Wed. (W), | Tues. (T) -<br>Thurs. (R), | <u>complete these readings by the day shown on this row:</u> |
|-------------------------|----------------------------|--|
| W, Jan. 8               | R, Jan. 9                  | O'SS Ch. 2 on the basic principles, and start Ch. 4          |
| M, Jan. 13              | T, Jan. 14                 | O'SS, Ch. 4, on supply and demand                            |
| W, Jan. 15              | R, Jan. 16                 | O'SS, Ch. 6, Unemployment and Inflation                      |
| W, Jan. 22*             | T, Jan. 21                 | O'SS, Ch. 5, Measuring ... Production and Income             |
| F, Jan. 24*             | R, Jan. 23                 | O'SS, Ch. 9 + Ch. 10 to middle of p. 206                     |
| M, Jan. 27              | T, Jan. 28                 | O'SS, bottom of p. 207 through p. 212                        |
| W, Jan. 29              | R, Jan. 30                 | O'SS, the rest of Ch. 10, including appendix                 |
| M, Feb. 3               | "                          | Review   |

**First midterm (25% of grade), 194 Chem., Tuesday, Feb. 4, 9:00 - 10:20 am**

|            |            |  |
|------------|------------|--|
| W, Feb. 5  | T, Feb. 4  | Five short articles on taxes, deficits, and Social Security, all in Packet |
| M, Feb. 10 | R, Feb. 6  | O'SS, pp. 329-middle of 337  |
| W, Feb. 12 | T, Feb. 11 | O'SS, Ch. 12 on banking and the Fed  |
| "          | R, Feb. 13 | O'SS, first half of Ch. 13, on monetary policy                             |
| M, Feb. 17 | T, Feb. 18 | O'SS, rest of Ch. 13   |
| W, Feb. 19 | R, Feb. 20 | O'SS, Ch. 18, The World of International Finance                           |
| M, Feb. 24 | "          |  |

**Second midterm (25% of grade), 194 Chem., Thursday, Feb. 27, 9:00 - 10:20 am**

|             |             |  |
|-------------|-------------|--|
| W, Feb. 26  | T, Feb. 25  | Mankiel, <i>Random Walk down Wall Street</i> (1999), pp. 23-34, 85-113, 140-145, 149-150, 155-164; all in Packet |
| M, March 3  | R, Feb. 27  | Shiller, <i>Irrational Exuberance</i> , pp. 3-14, 60-68, in Packet   |
| W, March 5  | T, March 4  | Mankiw, "The Costs of Taxation," up to the "Midpoint"  |
| M, March 10 | R, March 6  | Rest of Mankiw; O'SS pp. 339-342; and Lindert, "Is the Welfare State a Free Lunch?" in Packet, up to "Midpoint"  |
| W, March 12 | T, March 11 | Remaining part of Lindert, "Is the Welfare State a Free Lunch?" in Packet  |
|             | R, March 13 | Review   |

(\*This year, UCD has moved classes from Monday Jan. 20 to Friday Jan. 24.)

**Final exam (40% of grade), 194 Chem + other rooms, Thursday, March 20, 4:00-6:00**

(About 28% of the final exam covers material from before the first midterm; about 16% of it covers material from between the two midterms; and about 56% percent of it covers material since the second midterm.)

**Discussion section work = 10% of the course grade.**