

C.V.

Econ 343-01 Intermediate Income Theory Macroeconomics	PETER ALONZI, Ph.D.	Fall, 2017 Time: TTh 10-11:15 a.m. Place: TBA
Messages: Revised 6/12/17 Click for: [Objectives] [Outline] [Grading] [Reading Assignments] [Homework] [Semester Project]		

Contact Information: by phone or email at: 708-524-6483 or Lpalonzi@email.dom.edu

Office Hours: Can be done by phone, on line via email, or in person. See hours in table below.

If an in person meeting is preferred we need to make an appointment so I can meet you either in the cyber café or cafeteria. Note if I do not respond to your email or phone call during office hours I am working with a fellow student in the cyber café or cafeteria and will return your call or email when I return to my office. Of course, you may email or call at times other than posted office hours and I will endeavor to respond within 24 hours.

Day	Monday	Tuesday	Wednesday	Thursday
Time	By Appointment	11:20 a.m. – 12:20 p.m. and By Appointment	By Appointment	11:20 a.m. – 12:20 p.m. 5:15-6:15 p.m. and By Appointment
Place	Cyber café	Cyber café	Cyber café	Cyber café

Texts:

* *Hand Out*. Policano, Andrew J. *An Introduction to the Theory of Unemployment and Inflation*.

* Mankiw, N. Gregory. *Macroeconomics*, 8th (ISBN 13: 978-1429240624) 2012 New York: Worth Publishers
or you may use an earlier edition to save money 7th, 6th (ISBN 13:978-0-7167-6213-3) , or 5th ed

Objectives: [\[return to top\]](#)

In the Principles of Economics courses Econ 101 & 102 (formerly 190 & 191) you became acquainted with a structured way of thinking, an apparatus of the mind. This course presents you the opportunity to broaden and deepen the structured way of thinking about the macro economy, in particular how household, business, bank, government (fiscal policy of Treasury), central bank (monetary policy of the Fed), exporter, and importer decisions affect the nation's gross domestic product (GDP), interest rates, consumer price index (P), inflation ($\Delta P/P$), unemployment, and GDP growth. The successful student will:

1. Add many new words to their vocabulary.
2. Learn and be able to conduct comparative static (model method of) analysis with the demand and supply framework of a competitive market.
3. Be able to analyze the influence of consumption, investment, government spending/taxes (fiscal policy), money, Fed (monetary policy), exports, & imports on GDP, CPI, unemployment, & interest rates.
4. Be able to set up three basic macro models: [a] Classical macro model, [b] Keynesian macro model, and [c]. The Aggregate Demand/Aggregate Supply (AD/AS) model.
5. Be able to use these models to conduct comparative static analysis (show how exogenous variables influence endogenous variables). Specifically be able to relate fluctuations in GDP, interest rates, the price level, and unemployment to changes in household, business, bank, exporter, importer, and government behavior.
6. Understand the limitations of the models developed and of the equilibrium approach to analysis,
7. Be able to face the unresolved issues/questions macroeconomists pose and address.

Course Outline [\[return to top\]](#)

1. Tools & Basics	a. Circular Flow b. Tools: Graphs & Models c. Competitive Market Model: Demand & Supply d. Measures of Economic Performance * GDP, CPI, & Unemployment rate (U) e. AD/AS overview
2. An Economy in the Short Run: Aggregate Demand (AD)	a. Behavior of Major Participants i. Households, ii. Firms, iii. Government b. Participant Behavior: Demand & Supply c. Macro Budget Constraint: Walras's Law d. The Policano Model (a + b + c) in Use: * The Classical Case of Price Adjusting e. EMP: Expenditure Multiplier Process f. The Policano Model (a + b + c) in Use: The Keynesian Case of Output Adjusting g. Policy to the Rescue! Or Policy Problems! i. Elasticities, ii. Lags, iii. Expectations h. A Closer Look on Money i. Deriving Aggregate Demand: AD Shape j. Locating Aggregated Demand: AD Shifts
3. From Short Run into the Long Run: Aggregate Supply (AS)	a. The Labor Market i. Level of employment ii. Unemployment: * Natural Rate of Unemployment * Deviate from Natural: rigid nominal wages b. Mother Nature's Recipe c. Deriving Aggregate Supply: AS Shape i. Short Run: Frictions Matter ii. Long Run: Frictions Melt Away, Evaporate d. Locating Aggregate Supply: AS Shifts
4. Using AD/AS Model	I. Using AD/AS Model in the Short Run a. Demand Pull vs. Cost Push Inflation b. Phillips Curve II. Using AD/AS Model in the Long Run * Neutrality of Money & Classical Dichotomy III. More Classical Perspectives * Qty Theory of Money: $MV = PY$ * Money Demand & Velocity & zero interest elasticity: * Constant V & Y implies M dictates P
5. Growth	a. Capital Accumulation * Capital growth and the steady state * Saving and growth: a golden rule * Population and growth b. Tech. Progress: Source of Std of Living c. Policy to promote growth & Endog. growth
6. International Aspects: The Open Economy	a. Exports and Imports b. Financial Capital Flows c. Exchange Rates d. Small Open Economy: R by world e. Large Open Economy: R by own economy
7. Policy Debates	a. Active or Passive? * Forecasting difficulties, Lags, Lucas Critique b. Rule or Discretion? Politics, Time inconsistency c. Government Debt and Deficits
8. Microeconomics Behind Macroeconomics	a. Consumption, b. Investment, c. Money Supply. d. Adv in Business Cycle Theory
9. Summing Up and the Frontier	a. 4 Key Macro Lessons & 4 Key Macro Unresolved Questions

Expectations: [Click to Return Home](#)

1. All assignments will be **read before class and reread after class.** **READERS ARE LEADERS!** Read before coming to class, so in class it is your 2nd time through. Then when you study after class it is your 3rd time through. 1-2-3 & the material jells. Think about it. How many times have you have seen your favorite movie. With each viewing, you understood more. Economics is the same way. Each time you work through the material you understand more clearly. Concepts fall into place. It all clicks! The jello sets. There is no short cut to the process.
2. That you will **read effectively:** First preview (intro & summary). Second observe headings. They are the outline! Third read with pencil in hand to jot down confusions & questions, to work out explanations, to try graphing on your own, and to do in-chapter exercises. Fourth distill, synthesize, compare & contrast, summarize. If confusion arises rather than clear insight, use office hours. See expectations #4 and #5 below.
3. **Do 2 for 1**--study 2 hours for every hour in the class (i.e. reading effectively, outlining, synthesizing, reflecting on confusions, discussing with a study buddy, formulating questions for class, doing in-chapter exercises, doing homework tasks...)
4. **Questions:** Students will **recognize and identify** confusion and **ask trim** as opposed to flabby **questions**. A trim question is one raised to eliminate a confusion—a Muddiest Point—that arises after thoughtful engagement/contemplation of assigned materials/resources. A flabby question is one that arises because the student has failed to engage/contemplate (failed to read the assignment, watch the video, contemplate the concepts, learn the definitions of concepts, try to relate/distinguished the concepts, try to draw the graphs, or try to explain the significance of the concepts) the assigned materials/resources. For example: **Flabby:** What is quantity demanded? **Trim:** It's not clear to me how a change in quantity demanded is different from a change in demand. Why is one a move along a stationary curve and the other shift of the whole curve?
5. **Use office hours** without delay...when confusion emerges, unresolved questions persists, an interesting question arises, or whenever you want.
6. **Attend all class sessions & be on time for class.**
7. I expect you to take up the challenge!

Economics is challenging!

1. Economics draws on many disparate talents. John Maynard Keynes one of the greatest economists of the 1900's observed that an economist must be:

"mathematician, historian, statesman, philosopher ...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 ature 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, "Alfred Marshall," in *Essays in Biography, in the Collected Writings of John Maynard Keynes*, vol. x (London and New York: Macmillan/St. Martin's Press for the Royal Economic Society, 1972), p 173.
2. Economics uses graphs & equations.
3. It is a structured way of thinking.
4. Economics is cumulative.
5. Economics requires study time! Often students tell me, "Professor I get it when you explain it in class but then when I study this stuff it all jumbles up and I am confused." I have similar thoughts when I watch the Olympic figure skaters. They make it look so easy. But when I try to do what they do, the graceful flowing strides and long smooth glides are absent. I wobble along falling and running into the boards often. In a sense, my skating is all jumbled and confused. Then I realize that those skaters have spent many hours in practice to become accomplished. And then they practice even more to become Olympians. Their accomplishment is the fruit of their many hours. Remember that I make Economics understandable because just as the Olympic skaters spent many hours learning and practicing, I have spent many hours studying/practicing Economics. So I have a head start on you. Economics as any discipline requires that you spend the time studying. For many students they need more study time for Economics than in many of their other courses.

I expect you to spend the time you need to spend.

Grading [\[return to top\]](#)

Basis of the Grade:

Task	Participation	Quizzes	Homework 8 @ 3%	Sem. Project: Oral Presentation	Sem. Project: Written Paper	Policano Model Exam
% of Grade	5%	5%	24%	10%	20%	36%
Points 1,000	50 pts.	50 pts	240 pts	100 pts	200 pts	360 pts

Grading Scale:

Grade	A	A-	B+	B	B-	C+	C	C-	D	F
% Range	100- 90%	90- 87%	87- 85%	85- 77%	77- 75%	75- 72%	72- 62%	62- 60%	60- 50%	under 50%

Statement Concerning Students with Disabilities:

The Dean of Students office serves students with learning, hearing, visual, or mobility impairments and other disabilities. If you feel any arrangements need to be made to maximize your educational experience please [1] **contact the Dean of Students *immediately*** in Lewis Hall 132 and [2] inform me at the beginning of the semester. NOTE: **Needs must be documented officially through the Dean of Students Office in order to receive accommodations.** Once needs are documented officially, I will do everything I can in accordance with university guidelines and with the guidance of the Dean of Students office to accommodate that student so that they have the opportunity to succeed in this course.

Academic Integrity

Each student is expected to adhere to the highest standards of academic integrity. Any student who does not will be penalized severely. In the past the penalty included but was not necessarily limited to a score of zero on the task in question. There can be other sanctions Prof. Alonzi deems appropriate including failure of the course. Conduct that fails to adhere to the highest level of academic integrity includes but is not limited to dishonesty, cheating, plagiarism, and forgery. Access the current edition of the Dominican University Undergraduate Bulletin for the University's Academic Integrity Policy & definitions of dishonesty, cheating, plagiarism, forgery, misuses of university documents or dishonest acts at:

http://bulletin.dom.edu/content.php?catoid=9&navoid=1324#academic_integrity_policy

Participation:

Your participation is assessed both objectively and subjectively. Objectively: if you are absent you cannot participate. Subjectively you know the degree of your participation. It can range from mere physical presence but mentally disengaged (BIS) to mentally engaged fully and publicly evidenced by responding in class, proactively raising questions, furthering the discussion, and leading the participation. So you will be given multiple opportunities throughout the course to assess your own participation. Each time you will give yourself a score for your participatory contribution to the class. The scale for self-assessment is provided in the following table. On any one self-assessment, I reserve the right to adjust your self-assessment up or down one degree (or if there is a range in a degree then several percentage points). Your participation grade for the course will be the average of your participation self-assessments. For example, suppose there were only three self-assessments taken and suppose you scored yourself 84%, 92%, & 76% and I agreed. Here is the computation: your average self-evaluation was 84% [= (84%+92%+76%)/3 = (252%)/3 = 84%].

This way of assessing participation places heavy weight on attendance. Attendance is most important in two regards. One, we develop much of the material in class. Consequently absence puts you in a big hole. Two, oral presentations are a time to engage what your colleagues are sharing!

I expect you to be present for all the oral presentations of your colleagues!

Absences on those days will impact greatly your participation grade.

DEGREE OF PARTICIPATION	POINTS PER SELF ASSESSMENT
Excellent participation (Proactive participation plus) (prepared for class session, fully engaged mentally—listening carefully and processing actively—, respond when called upon and initiates contribution of one's own ideas and questions to the discussion/dialogue, and stimulates discussion with and enhances the dialogue between class members)	100 or 90%
Proactive participation (prepared for class session, fully engaged mentally—listening carefully and processing actively—, respond when called upon and initiates contribution of one's own ideas and questions to the discussion/dialogue)	89 or 85%
Active participation (prepared for class session, fully engaged mentally—listening carefully and processing actively—, respond when called upon and contribute to the discussion/dialogue)	80 or 75%
Passive participation: (poorly prepared for class session, intermittently engaged mentally, and only react when called upon)	70 or 60%
Merely physically present, unprepared for class session, disengaged mentally (B-I-S)	50%
Absent	0%

Quizzes

There will be two quizzes: #1 on macroeconomic statistics GDP, CPI, u (it is on line via Canvas and must be completed by Sunday 9/11 at 10 p.m.; you make take the quiz multiple times with your best score counting toward your course grade) and #2 on notation of the Policano model (will be in-class and take it only once.) There is no makeup opportunity for a missed quiz. Each quiz is worth 25 points for 2.5%.

Homework [\[return to top\]](#)

There **will be 8** homework assignments.

1. Homework is due in class on the date designated in reading assignments.
2. **Late homework is unacceptable** (if you are sick send it in with a classmate or email it or... It is your responsibility to deliver the homework to Prof Alonzi by the beginning on the due date.
3. You are to bring the original and a copy of homework to class. The original is to be place on Prof. Alonzi's desk at the beginning of the designated class session and you are to keep the copy at your seat for your reference during the class discussion.
4. **You may work together on homework only if each student participates fully in the discussion of the assignment contributing his/her fair share to the response to the homework task.**
5. **Handing in another person's work or group's work as your own is prohibited. Both the copier and the source will receive a zero on the copied assignment.**
6. Each student must hand in her/his own assignment (written or typed by her/him).

Semester Project [\[return to top\]](#)

The work we do in this course develops a basic macroeconomic model. This base-case model is the equivalent of the simplest, least frills car you can imagine. I think of the original VW Beetle automobile. Not the 2000's model but the original, simple version that hit the USA in the 1960s.

The project requires you to demonstrate your mastery of macroeconomics both with a written paper and an oral presentation based on your work underlying your written paper. **Team projects are the exception and only if the team plan is presented in writing to Prof Alonzi and accepted by Prof Alonzi. No more than 3 persons on a team.**

Your project can focus on macroeconomics in one of three ways.

One way: Extend the model: One way to demonstrate your mastery of macroeconomics is to extend the model. Continuing with the automobile analogy extending the model is similar to installing a CD player or speakers or a sunroof or... We will have several examples of extending the model in the course: first when we add the banking system to our basic model, second when we add the labor market to our model, and third when we add exports & imports. There are several other additions that can be made to the model. We will not be covering the chapters on Investment (ch 17) and Consumption (ch 16). Either of these two areas are natural ones for extending our basic model with requisite, fundamental information provided in the chapters. In addition to using one of these chapters as the base for extending the model there are several other extensions that are available: developing growth theory (ch 7 most challenging), adding inflationary expectations (see Professor Alonzi re Policano info on this) or writing out and solving the set of equations underlying the geometry of the basic model.

A second way: analyze a current macro economy issue: A second way to demonstrate your mastery of macroeconomics is to use our model to analyze a current macro economy issue. If you were to choose this second way of demonstrating your mastery of macroeconomics, you would first identify the issue, second evaluate the opposing views on the issue as well as their suggested policy action, and third use our basic macroeconomic model to illustrate the effects/implications of opposing policy actions. A huge issue is "if you macroeconomists have this model of the macro economy, how did we let the economy come to the point of the financial crisis of 2008 and why did the 2008 crisis lead to such a huge recession?" Another question is what is the most effective monetary policy/fiscal policy mix for bringing the economy back to full employment? Another is the comparison and evaluation of the formulation and conduct of US vs. EU monetary policy before and after the financial crisis. Related to this is the question has quantitative easing worked? A fifth focuses on the debate over the effects of the Federal Deficit and the National Debt. A sixth focuses on whether, in light of Ricardian equivalence, a tax cut decreases or simulates consumption or saving? A seventh focuses on whether the cause of an increased deficit (increased government spending vs decrease in taxes) alters the effect of fiscal policy on GDP, inflation, and interest rates. An eighth, what are the Rajan Fault Lines in the economy and what are the implications of these fault lines? A ninth considers the two related questions: what is shadow banking sector and what is its impact on the economy?

These are examples and do not exhaust the set of issues from which can choose for your paper topic. If however you want to analyze a current macroeconomic issue other than the ones listed here, you need to discuss the issue with me to obtain approval. We start our conversation with your writing statement of the issue you are interested in examining and coming to office hours to discuss the topic and receive approval. You must submit your written statement with enough forethought and advanced notice so that you can do an effective job completing your project in the term if it is approved.

A third way: analyze a controversy in macroeconomic theory: use our model as a point of reference to study a controversy in macroeconomic theory

- > What caused the great depression ? [see P. Temin and M. Friedman for a start],
- > How do Post Keynesians differ from Keynesians?
- > How does interest elasticity of investment demand as well as of money demand matter?
- > Monetarists vs. Keynesians: what was all the fuss?
- > What's the big deal about New Classical, New Keynesian, or Austrian macro schools of thought?
- > How does the equation of exchange, velocity, and the quantity theory of money relate to the basic Macromodel we developed in class?
- > Address the questions: should policy be conducted actively or passively? By rule or by discretion?

Or the third way could be to look behind an assumption. You could delving more deeply into the Federal Government budget (including: what are automatic stabilizers, what does Stiglitz say about tax multipliers?) Does it matter whether consumption depends on current income or permanent income?

Important Perspective on the Semester Project

As you enter the course you are beginning the process of identifying your topic. One hurdle you have is the need for a point of reference. You need to learn the basic model before you can extend it or apply it or contrast it to other perspectives. Learning this basic model is a process, the “Jell-O process.” With consistent, constant effort the model starts to come together in your mind—it jells! As the model is starting to jell in your mind you will see that things are missing or incomplete. Or questions will arise that you want to answer. You are starting to identify your project topic!

Identifying your topic is often awkward and is somewhat messy. It is a process. You don't have to do it alone. Talk with your classmates. Use office hours so we can talk about the process you are going through, your journey of epiphany. For most students, conversations with me clarifies the topic choice.

What does the project entail:

Regardless of which way you take to demonstrate your understanding of macroeconomics you will:

1. Identify your project topic in writing (typed) no later than **Thursday October 19**. One typed paragraph is sufficient. But be specific. [A] State which type of project you will be doing (extending the model, using the model to analyze a macro economy problem, using the model as a point of reference to study a macroeconomic dispute). [B] State the specific topic or research question.

2. Communicate your work in a classroom presentation.

- a. An individual **will have 20 minutes** for her/his oral presentation. A group would have more time.
- b. Much can be done in 20 minutes when you are well prepared and concise!
- c. Remember you will be the expert in an area and will be informing your classmates on a topic that extends their knowledge. The presentation should be professional and an effective use of your, their, my time.
- d. Presentations will be made at the end of the course from **November 28-December 7**.
- e. Attendance at your colleagues presentations is expected and weighs heavily in the determination of you participation grade.
- f. Later in the course I will create a signup sheet for the presentation dates but you and your classmates can start discussing the timing of when who will do his/her presentation. Later in the course I will give you the rubric for the presentation.

3. Communicate your work in a written paper. Your paper should be long enough to complete the task but short enough to demonstrate concisely that you have developed a firm, clear mastery of macroeconomics. The paper will be assessed on the basis of content (demonstrated mastery of concepts), clarity (well-structured with introduction, development in body, and conclusion/summary; section headings present that reveal the structure to and guide reader), and conventions (correct spelling, proper grammar). The paper is due no later than the start of class on **Thursday December 7**. Submitting your paper after the deadline will result in a penalty. **Your paper's grade will be reduced by 33% of a perfect score for each day it is past due** with a partial day counting as a full day. So a paper 1 day late can at best earn a 67%, a paper 2 days late at best can earn 34%, & 3-day-late paper earns at best 1%.

If you bring a draft (not your first one) of your paper to my office before **Tuesday November 14**, I can give you feedback and you can revise your paper before its final submission. **But remember while I will work to be timely with my feedback, the closer we get to the end of the term the more scarce time becomes for Professors just as it does for students. This increased scarcity slows down turnaround time.**

Note the relationship between a presentation and its paper. Presentations are neither merely nor always the reading of the entire paper. Often the expert selects a portion of the work that captures the kernel of the study. Or the expert presents the general scheme of the work: the question, the perspective on why it is important, the approach, the results, and unanswered questions/issues to be resolved. Often times the presentation is the form of power point. A power point file is not a paper. Papers are written with

- > an introduction setting forth the theme and approach,
- > a body that presents each of the relevant aspects developing the theme (there might be several sections in the body and each section indicated by its heading),
- > a summary and or conclusion.

By this extended discussion of the semester project I trust you see that I believe that the project is a process not an event. This process is evident in the sequence of related due dates. They continue throughout the semester. Engage the process! Remember: success is the by-product of effort, not the end product!

Project Item	Item Due Date
Project Topic Identification	10/19/17 Thursday
Optional Paper Rough Draft Submission	11/14/17 Tuesday
Presentations	Starting 11/28/2017 Tuesday and Ending 12/7/2017 Thursday
Paper	12/7/16 Thursday

Policano Model Exam

The Policano Model exam will be drawn from the homework problems or very similar to the homework problems. Essentially you will be required to do one problem during the final exam session. The exam will be closed book, no notes, no assistance from electronic devices or classmates.

Other Items Helpful in Course

1. Colored pens or pencils as graphs are color coded
2. Ring binder for handouts

Planned Reading Assignments as of 6/12/17 subject to revision [\[return to top\]](#)

(Revised reading assignments will be posted if the need arises. Check the date in the upper left-hand corner to assure most recent assignments.)

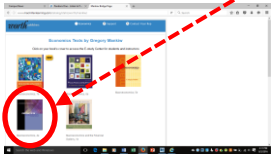
Session/Date	Topic	Minimum Readings P indicates Policano CV indicates there is a video of Prof Alonzi's lecture for session # cited M indicates Mankiw 8 th ed M indicates Mankiw 7 th ed. M indicates Mankiw 6 TH ed. M indicates Mankiw 5 TH ed.
#1/ Aug 29 Tues	* Course Organization	M pp. 593-600 M pp. 567-574 M. pp. 547-554 M: pp 519-525
#2/ Aug 31 Th	* Market Mechanics and Model Method	CV Session #2 M Ch 1 M: Ch 1 M: Ch 1, pp 6-11 especially M: Ch 1

<p>#3/ Sept 5 Tues</p>	<p>* Gauges of the Economy: Unemployment Rate http://www.bls.gov/news.release/empsit.a.htm http://www.bls.gov/news.release/empsit.t15.htm</p> <p>* Circular Flow</p>	<p>Unemployment CV Session #3a & 4 M pp. 36-50, ch 7 esp 183-189 M: pp. 36-40, ch 6 esp 169-75 M: 34-48, Ch 6 esp 165-71 M: 31-47, Ch 6 esp 161-67</p> <p>Circular Flow CV Session #3b circular flow portion at the end of video M pp.48 diagram & p 27 M: p 46 diagram M: p 45 diagram & p25-26 M: p 43 diagram</p>
<p>#4/ Sept 7 Th</p>	<p>* Gauges of Economy: GDP-- Income & Expenditure http://research.stlouisfed.org/fred2/categories http://research.stlouisfed.org/fred2/categories/18</p> <p>* Gauges of the Economy: CPI * Real vs. Nominal: A Use for the Index CPI * Give Pod cast Url * BLS url source for CPI & U rate http://www.bls.gov/ * CPI specific http://data.bls.gov/cgi-bin/surveymost?cu CPI % change. http://data.bls.gov/timeseries/CUUR000SA0?output_view=pct_12mths * Tracking the Economy: http://research.stlouisfed.org/economy/</p>	<p>GDP CV Session #3a & 4 M pp. 17-31 M: pp. 17-32 M: pp 16-30 M: pp 15-21, 24-29 P: pp 1-10</p> <p>CPI CV Session #3a & 4 M pp. 32-35, 116-12 M: pp. 32-35, 100-112 M: pp 30-34, 97-109 M: pp. 30-33, 97-107</p>
	<p>Quiz #1 Gauges of the Macro Economy -- The Big Three: GDP, CPI, u</p>	<p>Quiz #1 due by 10 p.m. Sunday 9/11/16 You make take the quiz multiple times with only best score counting. See Canvas course site for quiz</p>
<p>!!!</p> <p>On your own to prepare for Session #5 on Tues Sept 12</p> <p>!!!</p>	<p>Mandatory: Watch the course video: CV Session #5a & 1st half 5b</p> <p>1. Watch Podcast for class on Tuesday Sept 13; so no later than Monday night September 12. 2. NOTE: It is 4 hours long so allow the time 3. NOTE: It requires intense focus on your part.</p> <p>CV Session #5a & 1st half 5b</p> <p>* Podcast Sets Up the Policano Model: Firm [f] Behavior: Production [y^e], Investment [i^d], Finance [a^s]</p> <p>Household [h] Behavior: Three Demands: Consumption [c^d], Earning Asset [a^s], Money [m^d]</p> <p>Government [g] Behavior: Two Branches: Central Bank: Money [M] & Bonds [A^d] (i.e. Credit Supply) Treasury: Spend [g^d], Tax [t], & Bonds [a^s] (Credit Demand)</p> <p>Relating Behavior (h, f, g) to d & s in CM, EAM, MM</p>	<p>Mandatory: Watch the course video CV Session #5a & 1st half 5b</p>

	<p><u>Walras's Law</u> -- Macro Budget Constraint</p>	
#5/ Sept 12 Tues	<p>* Notation Quiz in Class</p> <p>* Circular Flow Exercise: Add Macro Notation</p> <p>* AD AS overview</p> <p>Note I broke readings into the separate components but you can read them straight through</p> <p>Mandatory: Watch the course video: CV Session #5a & & 1st half 5b</p> <p>1. Watch Podcast for class on Tuesday Sept 13; so no later than Monday night September 12.</p> <p>2. NOTE: It is 4 hours long so allow the time</p> <p>3. NOTE: It requires intense focus on your part.</p> <p>CV Session #5a & & 1st half 5b</p> <p>* Podcast Sets Up the Policano Model:</p> <p><u>Firm [f] Behavior:</u> Production [y^f], Investment [i^f], Finance [a^f]</p> <p><u>Household [h] Behavior:</u> Three Demands: Consumption [c^h], Earning Asset [a^h], Money [m^h]</p> <p><u>Government [g] Behavior:</u> Two Branches: Central Bank: Money [M] & Bonds [A^g] (i.e. Credit Supply) Treasury: Spend [g^g], Tax [t], & Bonds [a^g] (Credit Demand)</p> <p><u>Relating Behavior (h, f, g) to d & s in CM, EAM, MM</u></p> <p><u>Walras's Law</u> -- Macro Budget Constraint</p>	<p>Quiz #1 on notation</p> <p>Mandatory: Watch the course video CV Session #5a & & 1st half 5b</p> <p>Investment (Businesses/Firms) P: pp. 11-15 M pp. 28, 65-67 M: pp. 27, 62-63 M: pp. 26, 61-63 M: pp. 25, 54-56</p> <p>Consumption (Households) M pp. 64-65 M: pp. 60 (sect 3-3)-62 M: pp. 59-60 M: pp. 54-55</p> <p>Money Demand (Households) M pp. 81-84, 102-105, 114 M: pp. 79-83, 86-89, 98 M: 76-80, 83-86, 95 M: 75-79, 82-84, 93</p> <p>Central Bank (The Fed in the USA) P: pp 21-24 M pp. 85-86 M: pp. 83-86 M: pp. 81-82 M pp. 79-81</p> <p>Treasury (Government) P: pp 24-25 M pp. 67-68 M: pp. 64-65 M: 62-63 M: pp. 56-57</p>
#6/ Sept 14 Th	<p>* Podcast Q&A Loose Ends, Fuzzies, Confusions</p> <p>* An Example Using the Policano Model Price Adjusting Classical Case</p> <p>* Crowding Out</p>	<p>CV Session #5a & & 1st half 5b</p> <p>P: pp: 11-34</p> <p>P: pp 35-36</p> <p>Reread the assignments for Tuesday September 13</p>
#7/ Sept 19 Tues	Homework #1 Due	Hmwk #1

#8/ Sept 21 Th	<p>* <u>E</u>xpenditure <u>M</u>ultiplier <u>P</u>rocess: <u>EMP</u></p> <ul style="list-style-type: none"> > Concept > Example Using the Policano Model Output Adjusting Keynesian Case (i.e. <u>EMP</u> in Action) 	<p>CV Session #08 P: p 37-39 M pp. 309-311 M: pp. 293-295 M: 284-286 M: pp 263-265 (note graphs same as Econ 191 but different than Policano; so read text first then after this session review graphs and read pp 280-283 in 6th ed and 259-262 in 5th ed)</p>
<p>Sept 26 <i>The Caritas Veritas Symposium is held all day Tuesday September 27.</i></p> <p><i>There are no classes. The university takes a day to contemplate who we are, what we do, where we do it, how we do it, when we do it, why we do it. We intentionally pause to touch the source from which all our thoughts and actions flow and towards which all our thoughts and actions aim.</i></p> <p><i>It is not part of our course. I believe it is the foundation & so more important than the course. It is worth finding time in your schedule.</i></p> <p><i>I invite you to the Symposium. Here's the url: http://www.dom.edu/about/mission/cvsymposium/caritas-et-veritas-foundation-goodlife</i></p>		
#9/ Sept 28 Th	<p>Homework #2 Due</p> <p>* Policy by Government</p> <ul style="list-style-type: none"> > Fiscal Policy -- Keynes vs. Classics > Monetary Policy – Fed's bond demand--A^d_g > FP vs MP \leftrightarrow the R difference 	<p>Homework #2</p> <p>P: p. 40-48 M pp. 305-312 M: pp. 291-96 M: pp. 280-87 M: pp 262-66</p>
#10/ Oct 3 Tues	<p>Homework # 3 Due</p> <p>Policy Destabilizes Rather than Stabilizes?</p> <ul style="list-style-type: none"> > Lags, Expectations, Politics > Elasticities Matter! (paper topic potential) 	<p>Hmwk #3</p> <p>CV Session #10</p>
#11/ Oct 5 Th	<p>* Extending the Macro Model Adding Banks to the Model: #1</p>	<p>CV Session #11</p> <p>M Ch 4 all (pp. 81-100) M: pp. 80-85+ & 547-555+ M: pp 77-82 & 510-17 M: pp 76-81 & 482-89</p>
#12/Oct 10 Tues	<p>* Extending the Macro Model Adding Banks to the Model: #2</p> <p>* Bank Capital Constraint & M Implosion</p>	<p>M Ch 18 M: Ch 15 M: Ch 14 M: Ch 14</p>
#13/ Oct 12 Th	<p>Homework #4 Due</p>	<p>Hmwk #4 Handout</p>
#14/Oct 17 Tues	<p>Guest Speaker: Martin Noll -- Bank President</p>	

#15/ Oct 19 Th	<p>* Aggregate Demand (AD): Deriving Its Shape & Causes of Its Shifts <u>Project Topic Identification Due</u></p>	<p>CV Session #15 Handout</p>
#16/Oct 24 Tues	<p>* Aggregate Demand (AD): Shifting It * Homework #5</p>	<p>Homework #5 CV Session #15 Handout Paper Topic ID Due</p>
#17/ Oct 26 Th	<p>Policano Model Exam</p>	
<p>!!!</p> <p>On your own to prepare for Session #18/Tues Oct 31</p> <p>!!!</p>	<p>* Aggregate Supply (AS) Underpinnings</p> <p>> Mother Nature's Recipe</p> <p>> Labor Market, Unemployment, & Frictions</p>	<p>CV Session #18 P: 64-69 M pp 47-58, Ch 7 esp Sec 7-3 pp 183-189 M: 45-55+, Ch 6 esp Sec 6-3 pages 169-175 M: 44-54, Ch 6 esp Sec 6-3 on pages 165-71 M: 42-52, Ch 6 esp Sec 6-3 on pages 161-67 <u>Mother Nature's Recipe</u> P: pp 64-65 M pp. 49-50. Fig on p 54 M: 47-48, fig 3-3 on p 52 M: 46-47, fig 3-3 on p 51 M: 42-45, 49 fig 3-3 <u>Labor Market</u> P: pp 66-69 & M pp. 51-53+, Ch 7 esp Sec 7-3 pp 183-189 M: 49-55+, Ch 6 esp 169-175 M: 48-54, Ch 6 esp 165-71 M: 46-52, Ch 6 esp 161-67</p>
#18/Oct 31 Tues	<p>* Aggregate Supply (AS): Deriving Its Shape Short Run vs Long Run SR: Sticky prices/frictions vs. LR: Flexible prices/frictionless * Shifting the AS "Pair"</p>	<p>CV Session #18 P: pp 70-73 & Handout M: pp 397-405 M: 379-86, Handout, M: 373-84 M: pp 347-58 Think Change in Recipe, Change in Supply of Labor...</p>
#19/ Nov 2 Th	<p>* Homework #6 * Using AD/AS: AD vs AS shocks: Demand Pull vs Cost Push Stagflation, The Phillips Curve</p>	<p>Hmwk #6 M: Ch 10 M: Ch 9 M: Ch 9 M: Ch 9</p>
#20/ Nov 7 Tues	<p>* Using AD/AS: Presidential Policy Game You access the game by clicking on http://www.macmillanlearning.com/catalog/static/worth/mankiw4/con_index.htm?99pga Note you must have current version of Shockwave installed; you will be</p>	<p>Hmwk # 7</p>

	<p>prompted for this.</p> <p>Note: when playing the game whenever you see IS think CM and i^d and whenever you see LM think MM and m^d.</p> <p>If that link fails to work for you, then try http://www.macmillanlearning.com/catalog/static/worth/mankiw/ At this web page, click on purple fourth edition (other ed don't work) Example is circled in red in my print screen below.</p> 	
#21/ Nov 9 Th	* Extending the Macro Model: Adding Exports, Imports, & Capital Flows	CV Session #21 Handout
#22/Nov 14 Tues	* Extending the Macro Model: Adding Exports, Imports, & Capital Flows <u>(Paper Rough Draft Optional Submission)</u>	CV Session #21 Handout
#23/ Nov 16 Th	* Translation #1 Policano (CM, EAM, MM) into ISLM	M: Ch 11 M: Ch 10 M: Ch 10 M: pp 267-278 (on these pages when you see IS think CM & LM think MM)
#24/Nov 21 Tues	Homework #8 (in class Exercise) * Translation #2 (CM, EAM, MM) into ISLM	Homework #8 Translation #2 M: pp 327-342 M: 311-325, M: pp 303-315 M: pp. 281-93
Nov 23	<i>Thanksgiving Holiday</i>	
#25/Nov 28 Tues	<i>Presentations 1-3</i>	
#26/Nov 30 Th	<i>Presentations 4-6</i>	
#27/ Dec 5 Tues	<i>Presentations 7-9</i>	
#28/ Dec 7 Th	<i>Presentations 10-12</i> <u>Final Papers are due</u>	<u>Final Papers are due</u>
Dec 11-16 Final Exam Week	<i>No Final Exam</i>	