

ECONOMICS 100B: Economic Analysis: Macroeconomics

Lecture: TuTh 3:40 - 5:00 p.m., 1 Pimentel (CN 14162)

<http://emlab.berkeley.edu/~olney/spring17/econ100b>

This syllabus is the contract between you and me. Please read it carefully. "I didn't read the syllabus" is not an acceptable excuse for missing an exam, overlooking a reading, skipping a problem set, and so on.
Prof. Olney

In Economics 100B, we further develop the tools of macroeconomic analysis that were introduced in Economics 1. Topics include: measurement of aggregate output and income; long-run growth; a flexible-price model of the composition of output; the short-run (sticky-price) model of fluctuations in output; aggregate demand; the monetary policy reaction function; and economic policy.

Professor's Office Hours

Professor Martha Olney (she, her), 691 Evans Hall, (510) 642-6083, Olney@berkeley.edu, twitter @MarthaOlney #econ100b

Drop in: Mondays, 4:00 - 5:00 p.m.; Thursdays, 10:30 - 11:30 a.m. Other times by appointment.

Head GSI Contact Information

Esther Shears (she, her), esther_shears@berkeley.edu

The head GSI handles all issues related to enrollment, DSP arrangements, and absences.

Prerequisites: Economics 1 or 2 (Introduction to Microeconomics and Macroeconomics); and Math 1A or 16A (one semester of college calculus).

Staying in the Course and Adding the Course The course is full. Many people on the waiting list will not get in. To stay in the course, you must initially attend the section to which you are assigned by CalCentral as of January 17. If you do not attend your assigned discussion sections by Monday, January 23 and do not contact your GSI or Head GSI Esther Shears to explain your absence, you will be dropped from the class. The department relies completely on CalCentral for enrollment purposes. If you are already on the waiting list but want to change your section choice, you cannot do so without dropping the course, re-adding, and thus going to the end of the waitlist. For help, see Econ 100B Head GSI Esther Shears (esther_shears@berkeley.edu), GSI Coordinator Katarina Jensen (548 Evans, HeadGSI@econ.berkeley.edu), or an Econ Undergrad Advisor (539 Evans, ugrad@econ.berkeley.edu).

Textbook and Other Reading Material (Available as pdf's on bCourses)

REQUIRED:

- [1] DeLong, J. Bradford and Martha L. Olney. *Macroeconomics*. 2nd edition. McGraw-Hill, Inc., 2006. **You cannot use the first or "updated" edition.** ISBN 0-07-287758-8. Available as a pdf on bCourses.
- [2] Regular reading of a first-rate news source (print or online version).

VERY STRONGLY RECOMMENDED:

- [1] Olney, Martha. *Study Guide to Accompany Macroeconomics by J. B. DeLong and M.L. Olney*. 2nd edition. McGraw-Hill. 2006. Available as a pdf on bCourses.

Letter of Introduction

For your second section meeting, please write a one-page letter of introduction of yourself to your GSI. Submit a hard copy at section. Include your preferred name*, its pronunciation, your pronouns, and anything about yourself that you would like to share. Please embed a photo of yourself; doing so will help your GSI learn your name. The paper will not be graded nor returned. (*Be sure to set your preferred name in CalCentral too: <http://registrar.berkeley.edu/preferred-name.html>.)

Communications Between You and Us

Prof. Olney and the GSIs use email to contact you. You are responsible for reading your email. Some emails from Prof. Olney contain links to additional readings. These readings are ***required*** assigned readings for the course.

Be sure your email address registered with the University's [CalNet directory](#) is correct, your spam filters are not set too tight, and that your inbox is not full. Emails sent to the entire class by Prof. Olney and Head GSI Esther Shears are archived at the bCourses "pages" tab: <http://bcourses.berkeley.edu>.

Emails sent to Prof. Olney or any GSI must have "Econ 100B" plus a descriptor in the subject line. For example, Econ 100B Enrollment, Econ 100B announcement for digest, and so on. Emails must use appropriate grammar and spelling (no txtng) and must be signed with both first and last names. Emails that don't meet these minimum expectations are deleted without being read.

Piazza

We use Piazza in lieu of emails for questions & answers. Rather than emailing questions to Prof. Olney, the Head GSI, or your own GSI, post your questions on Piazza. Everyone – the instructors and students – then has the opportunity to answer your question. Answers can be edited, wiki fashion. The instructors can give a 'thumbs up' to good student answers. Others with the same question can see the conversation and chime in. At the end of the term, students whose questions or answers receive the largest number of "good" votes from classmates and instructors will receive a few extra credit points. If you didn't receive a Piazza welcome email, sign up at <http://piazza.com/berkeley/spring2017/econ100b>. If you are asked for a code in order to enable sign up, email the Head GSI Esther Shears (esther_shears@berkeley.edu).

Announcements Policy

All announcements are sent by Prof. Olney or the Head GSI via email and then posted on bCourses "pages" tab. No announcements are made in lecture. Some announcements may contain links to additional readings from current news sources. These readings are to be considered *required* assigned readings for the course; links will be added to the "files" tab of our bCourses page. If you would like to make a written announcement to all Econ 100B students, send it to Prof. Olney for inclusion in her weekly email. Be sure you include a student name and contact info in the announcement. Prof. Olney reserves the right to delete announcements that are not relevant to Econ 100B.

Laptop and Cell Phone Policies

Because of the negative externalities associated with activities other than note taking, no laptops are allowed in lecture unless pre-approved by the Head GSI or the Professor. DSP note-takers should contact the Head GSI before the first day of class. iPads and Tablet PCs (laid flat and being used for note-taking) are ok. Cell phones should be turned off and put away in your backpack or bag, not left out on your desk or lap. You may use the calculator function on your smart phone in lecture or lab section during group work.

Discussion Sections

There are 17 discussion sections. Section day/time/location and e-mail addresses for GSIs are on the course website. There is no informal switching of discussion sections. You must attend the section assigned to you by CalCentral.

Responsibilities — Mine and Yours

My (Prof. Olney) responsibilities are to come to class prepared, respond to and encourage questions and other participation insofar as class size permits, oversee grading of problem sets and exams, be available during office hours and for scheduled appointments, and stimulate an enthusiasm for economics and for learning.

Your responsibilities are to attend and participate in lecture three hours per week; attend and participate in section two hours per week; complete the assigned readings in a timely manner (allowing time to re-read difficult chapters); participate in class and in section; complete all assignments on time; take two midterms and a final exam, and write the final comprehensive essay.

Course Requirements

Discussion section is important. Lectures move quickly. Section with your GSI is a key part of learning the material. Your GSI will go over material from the text and lectures, and lead group exercises. News articles will be discussed. Your active participation in section will enhance your understanding of the course material, which will be helpful on problem sets and exams. 10 percent of your course grade (50 points) will be based on your participation in section. See your section syllabus for more information on how to earn those points.

Your grade will be based on your performances on a comprehensive essay (worth 60 points), comprehensive final (worth 140 points), two midterm exams (each worth 100 points), section attendance and participation (worth 50 points), and five problem sets (each worth 10 points). The share of each assignment in the total point score and the due dates are below.

Due Dates and Share of Total Points

| Assignment | Due Date | Share of Total Points |
|-------------------------------|--|-----------------------|
| Section Participation | Throughout term | 10 |
| Problem Set #1 | In first section, January 30/31 | 2 |
| Problem Set #2 | In second section, February 8/9 | 2 |
| MIDTERM EXAMINATION #1 | In Lecture: THUR, February 16, 3:40 - 5:00 p.m. | 20 |
| Problem Set #3 | In second section, March 1/2 | 2 |
| Problem Set #4 | In second section, March 15/16 | 2 |
| MIDTERM EXAMINATION #2 | In Lecture, THUR, March 23, 3:40 - 5:00 p.m. | 20 |
| Problem Set #5 | In second section, April 19/20 | 2 |
| COMPREHENSIVE ESSAY | Tuesday, May 2, 8:00 a.m. via bCourses | 12 |
| FINAL EXAMINATION | Monday, May 8, 3:00 - 6:00 p.m. | 28 |

Problem Sets

There will be five problem sets distributed in lecture and posted on the course website. You are to submit your PS to your GSI in section as shown above. Each problem set will be worth 10 points and will be graded by your GSI. Problem sets are due at the beginning of section. Problem sets lose 5 points if they are submitted after the start of section. No problem sets accepted more than 24 hours after section begins.

You may work with other students on the problem sets, *but your answers must be in your own words*. You may not prepare "group answers" nor post your answer to Piazza. Essays must be your own work. If you copy someone else's answer or essay, or if you prepare or post group answers, that is cheating. If your problem set is the same as someone else's problem set, in whole or in part, you both receive a zero (0) regardless of who did the work and who copied. Problem set solutions will be posted on the course website.

Because you have 11-12 days to complete each problem set, there are no extensions. Plan accordingly.

Midterm Exams

Midterm exams will be held on Thursday February 16 and Thursday March 23 during the lecture period. Each midterm exam will be worth 100 points. Each exam will cover the material presented in lectures, section, and the assigned readings through and including the lecture and section before the exam. No calculators, laptops, phones, or other electronic devices allowed during exams. One handwritten 3x5 card is allowed. Old exams are posted on the course website.

Student-athletes and musicians are expected to be familiar with the policy on academic conflicts: http://academic-senate.berkeley.edu/sites/default/files/committees/cep/guidelines_acadschedconflicts_final_2014.pdf. Notification of scheduled or potential conflicts must be delivered to the Head GSI Esther Shears (esther_shears@berkeley.edu) **by Friday of the second week of classes, January 27.**

Final Exam and Comprehensive Essay

The final examination will be on Monday, May 8, 3:00 - 6:00 p.m. The final examination will be comprehensive and will cover all material presented in lecture, section, and the assigned readings.

The final comprehensive essay will be due at 8:00 a.m. on Tuesday May 2 (RRR week), via bCourses. Essay submissions will be run through the TurnItIn checker, which compares your submission against all other submissions, papers previously submitted at any college or university, and against published material. Be sure you submit your own work. Be sure you cite your sources. See the course website for more information about Turn It In. Regardless of your grade otherwise, if you do not write the final essay you will receive an "F" in the course.

If you have or anticipate a conflict with the final exam, you should DROP THIS COURSE NOW. Conflicts include simultaneously scheduled exams, non-refundable tickets, weddings, and any other commitment that prevents you from taking the exam on May 8. Military commitments are accommodated. Having 3 or 4 finals back-to-back is (crazy &) not an excuse to miss or reschedule the final. Regardless of your grade going into the final, if you do not take the final you will receive an "F" in the course.

Make-up Exam Policy

There are no scheduled early or make-up exams. Exams are held only at the times noted. *If you have a conflict with either of the midterms or the final exam, you can't take Econ 100B this term.* If you experience an emergency that is clearly unforeseeable and unavoidable that prevents your attendance at the exam, you **must** contact the Head GSI Esther Shears by email (esther_shears@berkeley.edu) **before the midterm begins**. Explain the situation and provide documentation. Professor Olney and the Head GSI will consider your case and determine whether or not to offer accommodations.

There is no make-up final. If you miss the final on Monday, May 8 with an acceptable excuse covering an unforeseeable and unavoidable event and you were otherwise passing the course, you will take the final with the other Econ 100B students at the end of Summer or Fall 2017. The course will be taught by a different instructor with a different textbook. ***If you can't take the final as scheduled, don't take this course!***

Grading of Exams

Sample exams are on the course website. All exams are closed book with several short-answer, essay, and problem questions. There will be no true/false or multiple choice questions. No calculators, laptops, phones, or other electronic devices allowed during exams. Exam booklets are provided.

Answers are graded solely upon their content and not upon their intent. This means that we don't grade what you "mean to say" but what you actually write (even if you "knew the answer but just couldn't say it right"). Moreover, answers that are illegible, rambling, or poorly organized will not receive high marks.

Your work will be graded by your graduate student instructor. Care is taken to ensure that the same quality of work will, at the end of the term, receive the same letter grade, regardless of who graded the work. There is no pre-set or common scale whereby a certain number of points corresponds to a certain letter grade. Different GSIs may have different A, B, C point cut-offs, but the same quality of work will receive the same letter grade for the course, regardless of who graded the work.

There is no fixed curve for this course dictating what share of students will receive what letter grade. It is theoretically possible for everyone to earn an A. It is equally possible for everyone to earn a C. Past performance of students in Economics 100B indicates however that approximately 25-30 percent of the class will receive an A of some sort, about 35-45 percent will receive a B of some sort, and the remainder will receive C's or below.

The course can be taken Pass/Not Pass if you are otherwise free to do so. You can not take this course P/NP if you are fulfilling a requirement for the economics major. Students taking the course under the P/NP option must earn at least a C- in order to pass the course. P/NP students must pass the final and write an acceptable essay in order to pass the course.

Accommodations

If you require disability-related accommodations for exams or lecture, if you have emergency medical information that you wish to share, or if you need special arrangements in case the building must be evacuated, please speak with Head GSI Esther Shears **by January 26**. You will ultimately need to obtain a Letter of Accommodation (LOA) from Disabled Students' Program (<http://dsp.berkeley.edu>, 260 César Chávez Center) which they will send electronically to the Head GSI. DSP's Proctoring Service requires notice of participants at least two weeks in advance of an exam. Request for exam accommodation must be received and acknowledged by Head GSI Esther Shears at least two weeks before an exam, which is DSP's own internal deadline for scheduling the proctoring of exams.

Honor Code

We at UC Berkeley have adopted this Honor Code: "As a member of the UC Berkeley community, I act with honesty, integrity, and respect for others." Your Econ instructors join you in pledging to adhere to this code.

Academic Honesty Policy

In fairness to students who put in an honest effort, cheaters will be harshly treated. Any evidence of cheating will result in a score of zero (0) on that assignment. Cheating on a midterm, the comprehensive essay, or the final exam results in an "F" for the course. Cheating includes but is not limited to bringing written or electronic materials into an exam, using written or electronic materials during an exam, copying off another person's exam or assignment, allowing someone to copy off of your exam or assignment, having someone take an exam or assignment for you, changing an exam answer after an exam is graded, or plagiarizing written materials. Incidences of cheating are reported to Center for Student Conduct, which administers additional punishment. See also <http://sa.berkeley.edu/conduct/students/standards>.

Cheating also includes plagiarism, which is the presentation of someone else's ideas as your own. Plagiarism includes good old-fashioned copying (copying whole passages with or without credit), copying words and phrases without credit, using both main and supporting ideas without credit, and paraphrasing without credit. If you don't know when or how to properly cite sources for a paper, check this library document: <http://www.lib.berkeley.edu/how-to-find/cite-sources>. Economists use Chicago style.

Fire Alarm Policy

A truly annoying bad habit at UCB is the pulling of fire alarms by ill-prepared and selfish students who foolishly think their entire future rests on one midterm grade. This is a crime, punishable by a fine and time in jail. In addition, anyone caught pulling the alarm will fail the course and is subject to expulsion from the University. If the alarm is pulled during an exam, the class will move outside and finish the exam in the allotted time. In this event, follow the instructions of the GSIs.

Tutoring

Economics Department grad students offer free tutoring. <https://www.econ.berkeley.edu/undergrad/home/tutoring>. Twitter @CalEconTutoring. A list of tutors-for-hire (about \$50/hour) is also available at the Econ Dept Tutoring Center website. Also the Student Learning Center (SLC) offers Study Group and Drop-in Tutoring for Economics 100B. These services are free for registered Cal students. Additional information is available at <http://slc.berkeley.edu/economics-1>

Course Capture

Accessible via bCourses. Because the class is taught with chalk, not on a laptop, the course capture will be audio only.

Course Outline and Reading Assignments

The reading assignments are from the textbook. Occasional news articles will also be distributed electronically; these articles are to be considered "assigned reading." Articles tweeted by Prof. Olney are not "assigned" (required) but are worth reading and considering. The material covered in this course is difficult. Students who regularly skip lecture or fail to do the readings are almost guaranteed to receive low marks in the class.

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| I. | PRELIMINARIES |
| Tuesday, January 17 | Administrative Concerns; Overview of Course; Review of Economics 1 Concepts; Today's Economy |
| Thursday, January 19 | Economic Problems and Issues; Economic Models; Critical Thinking; Some Math Tools READ: Sections 1.1 and 1.2 of Chapter 1 |
| Tuesday, January 24 | Macroeconomic Data (part of Chapter 2); GDP Accounting READ: Section 2.6 of Chapter 2, Sections 3.1 and 3.2 of Chapter 3 |
| II. | LONG-RUN ISSUES: Determinants of Standard of Living |
| Thursday, January 26 | Overview of Neo-classical Growth Model (Solow Model) READ: Sections 3.3 & 3.4 of Chapter 3, Section 4.1 of Chapter 4 |
| Tuesday, January 31 Prob Set #1 DUE M/Tu | Cobb-Douglas Production Function; Economic Growth – The Questions; Global Perspectives on Growth; Saving and Investment; Capital to Output Ratio READ: Section 4.2 of Chapter 4, and Section 5.1 of Chapter 5 |
| Thursday, February 2 | Balanced-Growth Equilibrium READ: Section 4.3 of Chapter 4 |
| Tuesday, February 7 | Changes in Equilibrium; Roles of Efficiency, Education, and Technological Change READ: Sections 4.4 of Chapter 4 and 5.2 of Chapter 5 |
| Thursday, February 9 Prob Set #2 DUE W/Th | Thinking about Economic Growth READ: Sections 5.3 and 5.4 of Chapter 5 |
| Tuesday, February 14 | Catch-up |
| Thursday, Feb. 16 | MIDTERM #1, in lecture |
| III. | TIMELESS ISSUES: Determinants of Aggregate Demand |
| Tuesday, February 21 | Determinants of Consumption READ: Section 6.2 (Skip Section 6.1) of Chapter 6 |
| Thursday, February 23 | Determinants of Aggregate Demand: Investment, and Net Exports READ: Section 2.2 & 2.3 & 2.4 of Chapter 2, Sections 6.3 and 6.4 |
| IV. | LONG-RUN ISSUES: Determinants of Saving, Investment, & Prices |
| Tuesday, February 28 | Flow of Funds; Interest Rates in the Flexible Price Model READ: Section 7.1, 7.2, and 7.3 |
| Thursday, March 2 Prob Set #3 DUE W/Th | Equilibrium Interest Rate; Algebra too READ: Sections 7.4, 7.5 and 7.6 |
| Tuesday, March 7 | Flexible-Price Model, continued; Private vs. Public Investment READ: Catch up! |

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| V. | SHORT-RUN ISSUES: Determinants of Unemployment & Inflation |
| Thursday, March 9 | Introduction to Sticky-Price Model; Income and Expenditure READ: Section 2.5 of Chapter 2, Sections 9.1 and 9.2 of Chapter 9 |
| Tuesday, March 14 | Multiplier; Interest Rates and Spending READ: Section 9.3 of Chapter 9, Section 10.1 of Chapter 10 |
| Thursday, March 16 Prob Set #4 DUE W/Th | Equilibrium in Goods and Services Markets; The IS Curve READ: Sections 10.2 and 10.3 of Chapter 10 |
| Tuesday, March 21 | Extensions and Catch-up |
| Thursday, March 23 | MIDTERM #2, in lecture |
| Tuesday March 28 Thursday March 30 | Spring Break Spring Break |
| Tuesday, April 4 | What Is Money; Quantity Theory of Money; Determinants of Price and Inflation Rate in the Flexible-Price Model READ: Chapter 8 |
| Thursday, April 6 | Money Demand READ: Section 11.1 of Chapter 11 (skip the rest of Chap 11) |
| Tuesday, April 11 | Okun's Law; Phillips Curve READ: Section 12.1 |
| Thursday, April 13 | Fed Monetary Policy Reaction Function READ: Section 12.2 |
| Tuesday, April 18 | Natural Rate of Unemployment, Expectations READ: Sections 12.3, 12.4, and 12.5 |
| Thursday, April 20 Prob Set #5 DUE W/Th | Stabilization Policy READ: Chapter 13 |
| Tuesday, April 25 | Review & Extensions |
| Thursday, April 27 | Concluding Remarks READ: Epilogue (pp. 510-515) |
| Tuesday, May 2 | RRR Week: Optional Review with Prof. Olney in Pimentel, 3:40 - 5:00 p.m. |
| Monday May 8 3:00 p.m. - 6:00 p.m. | FINAL EXAMINATION PLACE: <i>to be announced</i> |