**Economics 100B – Macroeconomic Analysis**

Professor Steven A. Wood

**Administrative Detail:**

Class Sessions: Tuesdays & Thursdays, 3:30 p.m. – 5:00 p.m., Pimentel 1.

Textbook: Robert E. Hall and David H. Papell
W. W. Norton & Company, 2005
ISBN 0-393-97515-0

Supplies: Colored pens or pencils

Office: F469, Haas School of Business

Office Phone: 642-7826

Office Hours: Tuesdays & Thursdays, 10:30 a.m. – 12:00 p.m., 2:00 p.m. – 3:00 p.m. and by appointment.

E-mail Address: swood@haas.berkeley.edu

**Prerequisites:**

Economics 1, Economics 2 or PENR 1; and Math 1A or 16A.
## Discussion Sections:

| Section 101 | Mondays & Wednesdays | 8:00 – 9:00 a.m. | 41 Evans |
| Section 102 | Mondays & Wednesdays | 9:00 – 10:00 a.m. | 45 Evans |
| GSI: Ali Memarsadeghi, ali@econ.berkeley.edu |
| Section 103 | Mondays & Wednesdays | 10:00 – 11:00 a.m. | 200 Wheeler |
| GSI: Si-Yeon Lee, sylee@econ.berkeley.edu |
| Section 104 | Mondays & Wednesdays | 3:00 – 4:00 p.m. | 61 Evans |
| Section 105 | Mondays & Wednesdays | 4:00 – 5:00 p.m. | 61 Evans |
| GSI: Laura Yang, lauraeyang@berkeley.edu |
| Section 106 | Tuesdays & Thursdays | 11:00 a.m. – Noon | 47 Evans |
| GSI: Juan Sebastian Lleras, jslleras@econ.berkeley.edu |
| Section 107 | Tuesdays & Thursdays | 12:00 – 1:00 p.m. | 2319 Tolman |
| GSI: Shi-Shu Peng, shishu@berkeley.edu |
| Section 108 | Tuesdays & Thursdays | 1:00 – 2:00 p.m. | 61 Evans |
| Section 109 | Tuesdays & Thursdays | 2:00 – 3:00 p.m. | 35 Evans |
| GSI: Chandana Achanta, chandana@berkeley.edu |
| Section 110 | Wednesdays & Fridays | 10:00 – 11:00 a.m. | 3107 Etcheverry |
| Section 111 | Wednesdays & Fridays | 11:00 a.m. – Noon | 61 Evans |
| GSI: Rui Huang, ruihuang@berkeley.edu |
| Section 112 | Mondays & Wednesdays | Noon – 1:00 p.m. | 35 Evans |
| Section 113 | Mondays & Wednesdays | 1:00 – 2:00 p.m. | 35 Evans |
| GSI: Emilie Mazzacurati, emiliem@berkeley.edu |
| Section 114 | Mondays & Wednesdays | 2:00 – 3:00 p.m. | 55 Evans |
| Section 115 | Mondays & Wednesdays | 3:00 – 4:00 p.m. | 237 Cory |
| GSI: Yu Wang, ywang@are.berkeley.edu |
| Section 116 | Mondays & Wednesdays | 4:00 – 5:00 p.m. | 51 Evans |
| GSI: Shi-Shu Peng, shishu@berkeley.edu |
**Course Description:**

This is a course in intermediate macroeconomics with an emphasis on real world applications. There are two objectives for this course.

1. To *develop* simple models that can be usefully applied to generate realistic predictions about the behavior of important macroeconomic variables such as output and income, employment and unemployment, interest rates, the government budget balance, exchange rates and the current account balance, and inflation.

2. To *apply* these models to understand and interpret current and historical macroeconomic developments—including monetary and fiscal policy choices—and to make predictions about future macroeconomic events, primarily in the industrialized countries.

**Mailing Lists:**

We will create email lists from Bear Facts. Please make sure that your email address on Bear Facts is correct. The instructor and GSIs will use these email lists to send announcements and/or other important information to the class and discussion sections.

**Website:**

The course website is [http://emlab.berkeley.edu/users/webfac/wood/e100b_f06/e100b.shtml](http://emlab.berkeley.edu/users/webfac/wood/e100b_f06/e100b.shtml). It will include this syllabus, my lecture notes, problem set assignments and answers (after the fact), exams and answers from previous semesters, this semester’s exams and answers (after the fact), and other information relevant to the class.

**Podcast:**

This course is being podcast. If you want to use this feature you will need to go to [http://webcast.berkeley.edu](http://webcast.berkeley.edu) to subscribe.

**Classroom Etiquette:**

Class is from 3:40 p.m. – 5:00 p.m. I will make every effort to begin class promptly and end class on time. If you arrive late and/or leave early, please make every effort to do so quietly. In consideration of your fellow students and the instructor, please refrain from talking with your neighbors during class.

Please make sure that your cell phones are turned off while you are in class.
**Grades:**

There are four graded assignments during the semester with the following weights and due dates.

- **Problem Sets:** 20%
  - Exam #1: 25% (Thursday, September 28th)
  - Exam #2: 25% (Thursday, November 2nd)
  - Exam #3: 30% (Tuesday, December 19th)

The GSIs will grade all assignments. Grading disputes may arise; with the exception of arithmetic errors, the instructor will handle them. In order to avoid problems associated with self-selection, disputes involving points scored on individual questions will **NOT** be considered. However, if you wish, the entire assignment will be re-graded by the instructor. This re-grading may result in either a higher or lower number of points being scored. **Requests for re-grading must be submitted in writing to the instructor within one week of the assignment first being returned.**

**Problem Sets:**

There are 7 problem sets of which the highest 5 scores will count toward your course grade. Due dates for the problem sets are highlighted on the [Reading, Problem Set, and Exam Schedule](#).

Problem sets **MUST** be word-processed although you may do graphs and equations by hand if you like.

Problem sets **MUST** have your name (last name first), SID number and discussion section number in the upper right hand corner.

Problem sets are due at the **beginning** of class on the assignment due date. Faxed or e-mailed problem sets will **NOT** be accepted; late problem sets will **NOT** be accepted. If you want to turn your problem sets in early, check with your GSI.

**Problem sets are considered open-book, open-note exams and will be graded for correctness.**

Graded problem sets will be returned in discussion sections.

You may work together on problem sets in study groups of **no more** than 3 people. Your answers should be submitted as a “group answer.” You may choose you own groups for each problem set or choose not to work in a group.
Exams:

Exam #1 is scheduled for Thursday, September 28th in class.

Exam #2 is scheduled for Thursday, November 2nd in class.

Exam #3 is scheduled for Tuesday, December 19th from 12:30 p.m. to 3:30 p.m. at a location to be determined.

Each exam will cover the materials assigned for that section through and including the lecture before the exam. Each exam will be closed book and closed notes. No calculators, laptops, beepers, cell phones, or other electronic devices are allowed during exams. Although these exams are not intentionally cumulative, macroeconomics is, by its very nature, cumulative.

There are no scheduled make-up exams. Students who miss an exam for any reason must communicate with me by email or phone no later than the start of the exam. Except under the most extreme circumstances, if you do not have an excused absence before the exam starts and you do not take the exam, you will receive a zero (0) on the exam.

If you have or anticipate a conflict with the final exam schedule, you should DROP this course now and retake it in another semester. Conflicts include other exams, nonrefundable airline tickets, weddings, and other commitments that require you to leave campus before December 19th, 2006.

If you are entitled to special accommodations on exams you MUST make an appointment to speak with me no later than September 15, 2006. You will eventually need to provide an evaluation form from the Disabled Students’ Program office.

Graded exams will be returned in discussion sections.
Course Letter Grades:

Your course letter grade will be determined solely from the weighted average percentage of your graded assignments.

- The 5 highest scores on your problem sets will be counted.
- All 3 exams will be counted.
- There are no alternative weightings of graded assignments.
- There are no extra credit assignments.

Points earned on each graded assignment are converted to percentages. Each graded assignment percentage is then weighted by the weight for that assignment.

**Letter grades are calculated in two ways; you will receive the higher of the two.**

First, based on a straight grading scale. That scale is: 90s = As, 80s = Bs, 70s = Cs, and 60s = D. Therefore, it is possible for everyone in the class to get an A.

Second, based on a grading curve. At the end of the semester, the class mean, median, and standard deviation are calculated, and then adjusted for students who have scored very poorly. This adjustment raises the class mean and median and reduces the standard deviation. The adjusted class median is the highest B. Therefore, approximately one-half of the class will get grades of B+ or better while the rest of the class will get grades of B or below.

Students taking the course under the P/NP option must earn at least a C- in order to pass the course. Please note that if you are fulfilling a requirement for the economics major, you cannot take this course P/NP.

**Economics Tutoring:**

The Economics Answer Center (EAC) provides drop-in and reserved office hours for Econ 1, 100A, and 100B students with no out-of-pocket cost to you. The EAC also maintains a list of available tutors for hire for all economics courses. The EAC website is at [https://webfiles.berkeley.edu/~butlerj/eac.html](https://webfiles.berkeley.edu/~butlerj/eac.html).
Academic Honesty/Test Affirmation:

In conjunction with the Berkeley Campus Code of Student Conduct, academic dishonesty will not be tolerated. Academic dishonesty is “all forms of academic misconduct including but not limited to cheating, fabrication, plagiarism, or facilitating academic dishonesty.”

Any evidence of cheating will result in a score of zero (0) on that assignment or exam. Cheating on the final exam will result in an “F” for the course. Incidences of cheating will be reported to Student Judicial Affairs, which may administer additional punishment.

Cheating includes but is not limited to bringing notes or written or electronic materials into an exam, using notes or written or electronic materials during an exam, copying off another person’s assignment or exam, allowing someone to copy off of your assignment or exam, and having someone take an exam for you.

Plagiarism also constitutes cheating. Plagiarism includes the appropriation of whole passages with or without credit, the appropriation of words and phrases without credit, the appropriation of 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/TeachingLib/Guides/Citations.html.

On every exam, you will be asked to sign the following test affirmation: “The answers on this test are entirely my own work. I neither gave nor received any aid while taking this test. I will not discuss the questions on this test until after 5:00 p.m. on [date of exam].” Failure to sign this affidavit will result in a “zero” for that examination. A sample cover sheet with the text affirmation is on the following page.
Name: ____________________  
(Last name, first name)

SID: ____________________

Discussion Section: ____________________

Econ 100B  
Macroeconomic Analysis  
Professor Steven Wood

Fall 2006  
Exam #1

Please sign the following affirmation:

The answers on this test are entirely my own work. I neither gave nor received any aid while taking this test. I will not discuss the questions on this test until after 5:00 p.m. on September 28, 2006.

________________________________________
Signature

Any test turned in without a signature indicating that you have taken this oath will be assigned a grade of zero (0).

Graph Instructions

When drawing diagrams, the following rules apply:

a. Completely, clearly and accurately label all axis, lines, curves, and equilibrium points.

b. The original diagram and equilibrium points must be drawn in black.

c. The first shift of any line(s) and the new equilibrium points must be drawn in red.

d. Any subsequent shifts in curves and new equilibrium points must be drawn in another color, first blue and then green.

Do NOT open this test until instructed to do so.
Absences:

Attendance will NOT be taken in class. You do not need to contact me if you miss class.

However, problem sets are due at the beginning of class; late problem sets will NOT be accepted. If you will miss class you may have another student turn your problem set in for you. If you want to turn your problem set in early, make arrangements with your GSI.

In addition, you are responsible for any assignments that may be given in class.

Attendance **WILL** be taken in discussion sections during the first week of the semester. You must be present or have an excused absence or you will be dropped from the course.

Reading, Problem Set, and Exam Schedule:

The schedule for reading, problem set assignments, and exams are on the following pages.

You are strongly urged to read the assigned materials in advance of the lectures. Additional handouts concerning current applications of macroeconomic theory and policy may be assigned and discussed as well. You are responsible for **ALL** assigned materials. Lectures will generally follow the textbook but **NOT** cover all of the material. In addition, I **WILL** add lecture material that is not in the textbook.

On occasion, the lectures will extend and/or modify the textbook material and handouts. Where differences occur between lecture and textbook or handout materials, the lecture will be deemed correct for grading purposes.

You should also read the business section of a major newspaper and/or weekly periodical to stay abreast of current macroeconomic issues. Recommended newspapers include the Wall Street Journal, the New York Times, the Financial Times, the Washington Post, and the Los Angeles Times. Recommended weekly periodicals include Business Week and The Economist.

Responsibilities and Expectations:

My responsibilities are to come to class prepared to teach; to respond to and encourage questions; to oversee grading of problem sets and exams; to be available during office hours and for scheduled appointments, and to stimulate an enthusiasm for economics and for learning.

Your responsibilities are to come to class prepared to learn and to participate in lectures; to attend and participate in discussion sections, to complete the assigned readings before class (allowing time to re-read difficult chapters); to complete all problem sets on time, and to take 3 exams.
Reading, Problem Set and Exam Schedule

August 29, 2006 (Tuesday)

Class #1, Introduction to the Class; Introduction to Macroeconomics
Reading Assignment: Hall & Papell, Chapter 1.

August 31, 2006 (Thursday)

Class #2, Introduction to Macroeconomics: Key Macro Variables & Relationships
Reading Assignment: Hall & Papell, Chapter 1

September 5, 2006 (Tuesday)

Class #3, Measuring the Economy: Economic Output
Reading Assignment: Hall & Papell, Chapter 2, pp. 27 – 44, 53 – 54.

September 7, 2006 (Thursday)

Class #4, Long-term Economic Growth: Introduction
Reading Assignment: Hall & Papell, Chapter 4.

Problem Set #1 due.

September 12, 2006 (Tuesday)

Class #5, Long-term Economic Growth: The Neoclassical Growth Model, Part 1
Reading Assignment: Hall & Papell, Chapter 4.

September 14, 2006 (Thursday)

Class #6, Long-term Economic Growth: The Neoclassical Growth Model, Part 2
Reading Assignment: Hall & Papell, Chapter 4.
September 19, 2006 (Tuesday)

Class #7, Long-term Economic Growth: Technology and Economic Growth
Reading Assignment: Hall & Papell, Chapter 5.

Problem Set #2 due.

September 21, 2006 (Thursday)

Class #8, Long-term Economic Growth: Growth and the World Economy
Reading Assignment: Hall & Papell, Chapter 6.

September 24, 2006 (Sunday, 2:00 – 4:00 p.m.)

EXAM REVIEW

September 26, 2006 (Tuesday)

Class #9, Long-term Economic Growth: Fiscal and Monetary Policy in the Long Run
Reading Assignment: Hall & Papell, Chapter 9, pp. 239 - 248.
Problem Set #3 is due.

September 28, 2006 (Thursday)

Class #10, EXAM #1

October 3, 2006 (Tuesday)

Class #11, Output in the Short Run: Introduction to Business Cycles
Reading Assignment: Hall & Papell, Chapter 7.

October 5, 2006 (Thursday)

Class #12, Output in the Short Run, The Multiplier Model
Reading Assignment: Hall & Papell, Chapter 7.
October 10, 2006  (Tuesday)

Class #13, Output in the Short Run: The IS Curve

October 12, 2006  (Thursday)

Class #14, Output in the Short Run: The LM Curve
Reading Assignment: Hall & Papell, Chapter 8, pp. 193 – 196, 201 – 205.

October 17, 2006  (Tuesday)

Class #15, Output in the Short Run: The IS – LM Model
Reading Assignment: Hall & Papell, Chapter 8, pp. 205 - 209.

October 19, 2006  (Thursday)

Class #16, Output in the Short Run: Employment, Unemployment, and Okun’s Law.
Reading Assignment: Hall & Papell, Chapter 2, pp. 51 – 53 and Chapter 3.
Problem Set #4 due.

October 24, 2006  (Tuesday)

Class #17, Output in the Short-run: Fiscal Policy
Reading Assignment: Hall & Papell, Chapter 13

October 26, 2006  (Thursday)

Class #18, Output in the Short-run: Monetary Policy

October 29, 2006  (Sunday, 2:00 – 4:00 p.m.)

EXAM REVIEW
October 31, 2006 (Tuesday)

Class #19, Output in the Short-run: Stabilization Policy
Reading Assignment:
Problem Set #5 is due.

November 2, 2006 (Thursday)

Class #20, EXAM #2

November 7, 2006 (Tuesday)

Class #21, The Open Economy: International Trade & Exchange Rates
Reading Assignment: Hall & Papell, Chap. 2, pp. 45 – 47 and Chap. 12.

November 9, 2006 (Thursday)

Class #22, The Open Economy: International Trade & Exchange Rates
Reading Assignment: Hall & Papell, Chapter 12.

November 14, 2006 (Tuesday)

Class #23, The Open Economy: International Trade & Exchange Rates
Reading Assignment: Hall & Papell, Chapter 12.

November 16, 2006 (Thursday)

Class #24, Inflation: Measuring Inflation and the Costs of Inflation
Reading Assignment: Hall & Papell, Chap. 2, pp. 47 – 51 and Chap. 9, pp. 221 – 238.
Problem Set #6 due.

November 21, 2006 (Tuesday)

Class #25, Inflation: The Inflation Process
Reading Assignment: Hall & Papell, Chapter 16.
November 23, 2006  (Thursday)

HOLIDAY – No class.

November 28, 2006  (Tuesday)

Class #26, Inflation: Dynamic Aggregate Demand and Aggregate Supply

November 30, 2006  (Thursday)

Class #27, Inflation: Stabilization Policy Revisited
Reading Assignment: Hall & Papell, Chapter 9, pp. 235 – 239.

December 5, 2006  (Tuesday)

Class #28, Economic Policy in the Short-run, the Intermediate-run and the Long-run
Reading Assignment: Hall & Papell, Chapter 9, pp. 239 – 248.

Problem Set #7 due.

December 7, 2006  (Thursday)

Class #29, Summary and Conclusions/Class Evaluations

December 17, 2006  (Sunday, 2:00 – 4:00 p.m.)

EXAM REVIEW

December 19, 2006  (Tuesday)

FINAL EXAM, 12:30 p.m. – 3:30 p.m.