Department of Economics   **Boğaziçi University**

EC 205 Macroeconomics I
Fall 2017
Syllabus

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Lectures:	Section 01: M5 NH105 (Monday 13:00-13:50 New Hall 105) &
	W34 NB119 (Wednesday 11:00-12:50 Natuk Birkan 119)
	Section 02: M6 NH105 (Monday 14:00-14:50 New Hall 105)
	W78 NH 103 (Wednesday 15:00-16:50 New Hall 103)

Office Hours: M78 (Monday 15:00-16:50) or by appointment (Natuk Birkan 2nd Floor)

Course website: Boğaziçi University Economics Dept. → Courses → EC205.01 & EC205.02

Textbook: Macroeconomics, 8th Edition by Gregory N. Mankiw ISBN-10: 1429240024
                      (6th and 7th editions are also fine, yet students holding the earlier versions of
                      the book are responsible to keep track of changes in the editions. Note that
                      although a newer version (9th Edition) of the book is released, I will use the
                      8th edition.)

Prerequisites: EC 102 Principles of Macroeconomics

Course Objectives: The main objective of the course is to enable students to have a sound understanding of macroeconomics by studying the foundations of the modern macroeconomic theory. For this goal, we will analyze several well-established macroeconomic models with different features and assumptions to explore different aspects of macroeconomics. Our initial focus will be on the long-run aspects of macroeconomics. We will first study the "classical theory" so as to understand what determines long-run values of main macroeconomic variables, such income/output, unemployment, inflation, interest rate, among others. Next, we will concentrate on short-run dynamics and business cycles. We will make use of the Keynesian IS/LM models so as to investigate the causes of short-run fluctuations and study how policy-makers can fine-tune the economy (via fiscal and monetary policies) in the event of adverse or favorable shocks. Finally, we will discuss concerns and shortcomings of Keynesian models, and explore the foundations of "Real Business Cycle" theory, which uses consumer optimization by the use of constrained optimization at its heart.

Grading: The final grade will be based on problem sets, midterm exams, and a cumulative final exam. The weights are as follows:

- 2 Problem Sets: 5% (each of which has a weight of 2.5%)
- 2 Midterm Exams: 60% (each of which has a weight of 30%)
- Final Exam: 35%

The standard catalog grading protocol accepted at Boğaziçi University is as follows:

Grade	Interpretation	Weight	Grade
AA	Excellent	4.0	90%
BA	Good-Excellent	3.5	85-89%
BB	Good	3.0	80-84%
CB	Passing-Good	2.5	75-79%
CC	Passing	2.0	70-74%
DC	Passing-Poor	1.5	65-69%
DD	Poor	1.0	60-64%
F	Failed	0.0	0-59%

Yet, your letter grades **can be** adjusted based on the average and standard deviation of the cumulative grades of EC205 classes (past & present ones).

Last day for withdrawal from the course is November, 16th, 2017, Thursday.

Tentative Midterm Exam Dates:

- Midterm Exam I: October 25th, 2017, Wednesday
- Midterm Exam II: November 29th, 2017, Wednesday

The above midterm exam dates are **only tentative**, and are subject to change depending on our progress throughout the semester.

The first midterm will cover topics up to the first midterm, and the second midterm exam will be based on topics covered between the first midterm exam and the second. Midterm exams can be in-class exams or can be given after 17:00. Either way, it is imperative to be on time since extra time will not be given for late arrivals. Midterm exams will have both multiple choice, and problem- solving & essay parts.

Final Exam Requirements: In order to be able take the final exam, students are required to earn at least 40% of the available points on the midterms and problem sets. Students below this threshold will be announced on the course website prior to the final exam date, and they will not be allowed to take the final exam.

Final Exam:

- Final Exam: December 2017/ January 2018, TBA

The final exam will be <u>comprehensive</u>, with a greater weight on the post-midterm 2 topics. Timeliness is expected since extra time will not be given for late arrivals. Final exam will also be comprised of both multiple choice, and problem-solving & essay parts.

Attendance: Regular attendance is expected and very strongly recommended.

Problem Sets: There are going to be <u>two</u> problem sets, <u>both of which will be graded</u>, each contributing to 2.5% of your overall grade. Problem sets are will be posted online (to the course website), and their due dates will be announced on the course web site along with problem sets. Please check the course web site frequently so as not to miss deadlines.

Problem Sessions (Recitations): There will be weekly/biweekly problem sessions held by your teaching assistants (date and time will be announced). Attendance is *very* strongly recommended but not mandatory.

Communication: Most of the course materials (except for those by the text book publisher) will be posted on the course website. E-mail will be used as the primary means of communication outside the classroom, and I will be sending e-mails whenever necessary to inform you on updates of the course. Please make sure that the e-mail address you have with the Registrar's Office is up-to-date so that you will not miss any of the announcements. I will also post announcements to the course web pages, so I would recommend you to keep track of the modifications to the Moodle pages, as well.

Make-up Exam Policy: All students are required to attend both the midterm and final exams. Make-up exams will be granted <u>only</u> to those students whose excuse complies with the University policy. If you believe you are eligible to take a make-up exam, please inform me and provide the appropriate documentation as soon as possible, no later than one week (7 calendar days) after the exam, preferably before. Make-up exam requests should be directed to me in person with proper documentation (along with a clear written explanation of the reason of absence accompanied with the valid excuse documents).

Exam Re-grade Policy: If, after going over your exam and the exam solutions, you believe some of your solutions were more correct than originally judged to be, you may submit, in writing, an exam re-grade request. Your re-grade request must specify which solutions(s) you believe were not graded appropriately and a substantive explanation for why you believe your solutions is more correct than originally judged (thus, re-grade requests than consist of essentially nothing more than "I think I should have received more points on this question" will not be considered). Your entire exam is subject to re-grade, thereby raising the possibility of a lower grade. Exam re-grade requests are due no later than one week (7 calendar days) after exams are announced – this deadline applies even if you are not present in class the day graded exams are returned (it is your responsibility to pick up your graded exams in a timely manner).

Accommodations: Students who require special accommodations for exams must get in contact with me within the first two weeks of classes.

Academic Integrity: The undergraduate program of the Department of Economics is conducted within the framework of the Student Discipline Regulations of the Turkish Council of Higher

Education (TCHE, Yükseköğretim Kurulu, YÖK in Turkish), and rules accepted by the Boğaziçi University Committee on Ethical Conduct.
For the student discipline regulations by the TCHE (YÖK), see (in Turkish):
http://bit.ly/yokdisiplinyonetmeligi

For the ethics code accepted by Boğaziçi University, see: http://bit.ly/bounethics

The students of the Department of Economics are also informed about the consequences of academic dishonesty at the EC 103 Orientation to Economics course. For a brief refresher, see http://bit.ly/ec103notes

If you engage in dishonest practices (e.g. cheating, plagiarism,) you will be subject to *severe punitive disciplinary measures!* If you are not sure whether a practice qualifies as dishonest, please be do ask *in advance* and **be precautious**.

Copyrights: Course materials are copyrighted. Selling or distributing copies or modified copies of instructors' course materials or assisting another person or entity in selling or distributing those materials without permission is strictly prohibited.

Outline of topics: The following is a sketch of topics we will cover this semester – it may be modified as the course progresses, and is only *tentative*.

Tentative Week	Required Reading
Week 1: September 18-20	Chapter 1: The Science of Macroeconomics Chapter 2: The Data of Macroeconomics
Week 2: September 25-27	Chapter 3: National Income: Where It Comes From and Where It Goes
Week 3: October 2-4	Chapter 3: National Income: Where It Comes From and Where It Goes *(cont'd)* Chapter 4: The Monetary System: What It Is and How It Works
Week 4: October 9-11	Chapter 4: The Monetary System: What It Is and How It Works *(cont'd)* Chapter 5: Inflation: Its Causes, Effects and Social Costs
Week 5: October 16-18	Chapter 5: Inflation: Its Causes, Effects and Social Costs *(cont'd)* Chapter 7: Unemployment
Week 6: October 23-25	Chapter 7: Unemployment *(cont'd)* Chapter 8: Economic Growth I: Capital Accumulation and Population Growth Lecture Notes on Economic Growth *(cont'd)* **Midterm Exam I on October 25th**
Week 7: Oct. 30- Nov. 1	Chapter 8: Economic Growth I: Capital Accumulation and Population Growth *(cont'd)* Chapter 9: Economic Growth II: Technology, Empirics and Policy Lecture Notes on Economic Growth *(cont'd)*
Week 8: November 6-8	Chapter 10: Introduction to Economic Fluctuations
Week 9: November 13-15	Chapter 11: Aggregate Demand I: Building the IS-LM Model

Week 10: November 20-22	Chapter 12: Aggregate Demand II: Applying the IS-LM Model
Week 11: November 27-29	Chapter 14: Aggregate Supply and the Short-Run Tradeoff Between Inflation and Unemployment **Midterm Exam II on November 29th**
Week 12: December 4-6	Optimal Consumption: Mathematical Refresher (Handout Chapter -1) Optimal Consumption: Representative-Agent Macroeconomics (Handout Chapter 0) Optimal Consumption: Microeconomics of Consumer Theory (Handout Chapter 1) Optimal Consumption: Static Consumption Leisure Model (Handout Chapter 2)
Week 13: December 11-13	Optimal Consumption: Dynamic Consumption Saving Model (Handout Chapter 3) Optimal Consumption Chapter 4: Inflation and Interest Rates in the Consumption-Savings Model Optimal Consumption Chapter 25: History of Macroeconomics Final Review (time permitting) *Classes end on December 15, 2017*
	Final Exam on December 2017/ January, 2018