

**ECONOMICS 405: SPRING 2009**  
**MACROECONOMICS**  
(6 – 8 PM, MW, -RIVERPOINT)

**INSTRUCTOR:** David Bunting, Professor of Economics, **OFFICE:** 304N Patterson Hall;  
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**TEXT:** C.I.Jones, *Macroeconomics* (text),

D. Gillette, Study Guide for C.I.Jones, *Macroeconomics*

Note: (From Norton) ebook: same great content, half the price -The ebook version of *Macroeconomics* offers the full content of the print version at half the price. The Norton ebook format replicates actual book pages for a pleasant reading experience and allows students to take notes and highlight with ease, print pages as needed, and electronically search the text. Accessible at any time on the web, the ebook is directly linked to StudySpace's resources, incorporating many of its interactive elements. The ebook is also available in PDF format. Visit [nortonebooks.com](http://nortonebooks.com) for more information.

Jones text webpage: <http://www.wwnorton.com/college/econ/chad/>

**COURSE OVERVIEW:** The course reviews major topics in modern macroeconomics, including basic concepts and techniques, long run growth and short run business cycle effects and policies. Topics include production technology, growth determinates, welfare, business cycles, and macroeconomic policies. Changes in macro variables such as prices, interest rates, output, or employment have profound impact on economic wellbeing. Macroeconomic theory seeks to explain how these variables are determined and how they might be altered when appropriate. During the term competing theories and policies will be discussed and compared against the historical record.

**PROCEDURES:** Grade determination: Grades will be based on homework assignments (mostly problems), tests and a reading paper. Right now the emphasis will be on homework and less emphasis on tests. The reading will be 15% of the final grade. Extra reading adds to the course grade, normally .1 to .3 points.

Assignments including homework and tests will be announced and discussed in class. Assignments are considered due when collected. Late assignments are acceptable only for extraordinary circumstances and "Acts of God."

Email is the normal out-of-class communication method. Responses will normally be within 24 hours but anti-spam efforts are always a threat. The subject for emails should be Econ405.

The classroom is not a dining hall or phone booth. Turn off cell phones and dispose of solid foods. There are no excused absences. Students miss class at their own risk. Late arrivals and early exits are not penalized, if not disruptive.

Written work should reflect individual student effort. Work that does not, that is, work that is copied, plagiarized or submitted without adequate indication that it is the work of others, will be graded zero.

**READING:** Understanding current events is an important aspect of macroeconomics. Read George Cooper, *The Origin of Financial Crises*. Write a 5 to 7 page paper explaining Cooper's views on the causes of the financial crises. Evaluate his explanations, indicating strengths and weaknesses as well as your own views and conclusions.

**EXTRA CREDIT** (worth doing) Read Roger Lowenstein, *When Genius Failed*. Discuss the operation and failure of LTCM. What are the implications of the failure for the current situation? What can be done to prevent such failures? Do we ever learn? Suggest some remedies. Write a 5 to 7 page paper covering these topics and others of importance.

Both books are paperback and can be purchased at local bookstores or thru Amazon.com.

**COURSE OUTLINE:** Lecture material covered will depend on class progress and available time. Tests will follow completion of major topics. An approximate outline follows.

1. Preliminaries
  1. Introduction
  2. Macroeconomic Data
  
2. Long Run [Growth theory]
  3. Overview
  4. Production
  5. Solow Model
  6. Growth
  7. Labor Market
  8. Inflation
  
3. Short Run [Responses to business cycle problems]
  9. SR Model
  10. IS Curve
  11. Monetary Policy and the Phillips Curve
  13. Stabilization and AS/AD Model
  14. Government and macroeconomy

FINAL [Note the final will be during finals week]