

Johann Wolfgang Goethe-Universität
Fachbereich Wirtschaftswissenschaften
Bachelor of Science Program

Visiting Professor Christos Koulovatianos, Ph.D.
Winter Semester 2007-2008

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Office hours: Tuesday 14:15-15:15, room 116 B

Course Website

<http://www.wiwi.uni-frankfurt.de/~koulovatianos/BMAK1.html>

Makroökonomie I (BMAK Macroeconomics I)

Syllabus – October 15, 2007

European Credit Transfer System:

The course carries 12 credit points according to the European Credit Transfer System.

Course Language:

The language of instruction for the course will be English. Yet, course participants may satisfy course requirements (homework assignments, oral examinations, and the final written examination) in the German language as well. The questions of the final examination will be offered in both the English and the German language.

Class Time and Location:

• *Lectures and Discussion Sections:*

Tuesday, 10:15 am – 11:45 am and 12:30 pm – 2:00 pm, Room: H IV (weekly).

Thursday, 08:15 pm – 9:45 pm (we will be starting at 08:30 sharp and the lecture will be going until 10:00), Room: H IV (weekly).

There will be no strict separation between lectures and discussion sections.

First day of lectures and discussion sections: Tuesday, October 15, 2007

• *Tutorials (Mentorium Sessions):*

Group 1: Wednesday, 2:15 pm – 3:45 pm, Room: H 1 (every two weeks).

Group 2: Wednesday, 4:15 pm – 5:45 pm, Room: H 1 (every two weeks).

Group 3: Wednesday, 2:15 pm – 3:45 pm, Room: H 5 (every two weeks).

Group 4: Wednesday, 4:15 pm – 5:45 pm, Room: H 5 (every two weeks).

Group 5: Wednesday, 2:15 pm – 3:45 pm, Room: H 9 (every two weeks).

Group 6: Wednesday, 4:15 pm – 5:45 pm, Room: H 9 (every two weeks).

Group 7: Wednesday, 2:15 pm – 3:45 pm, Room: H 13 (every two weeks).

Group 8: Wednesday, 4:15 pm – 5:45 pm, Room: H 13 (every two weeks).

First day of tutorials: Wednesday, November 7, 2007

The names of tutors (tutorial instructors) and their office hours will be announced separately.

You will need to register for the tutorials by sending an e-mail by 5:00 pm on Wednesday, October 24, to Mrs. Beate Rohé-Morgan at:

geldpolitik@wiwi.uni-frankfurt.de

Please, make sure to include in your e-mail your first name, last name, student ID number, and telephone number. If you have a conflict of schedule with another course in the Bachelor of Science Program at Goethe-Universität, please provide the details of this conflict of schedule in your registration e-mail as well. You will be informed about the tutorial group to which you have been assigned by Wednesday, October 31.

Attending the tutorials is highly recommended. As detailed below, your performance in one oral presentation of the solution of part of some problem set may earn you the right to obtain points from two randomly selected problem sets that I will be assigning in the class. Tutors in all tutorials will randomly call on students to give their oral presentation of the solution of part of a problem set. Students who fail to attend a tutorial in which they are called upon to give an oral presentation will not be granted an opportunity to give this oral presentation during another tutorial: you must make sure that you meet any tutorial appointments that are arranged for you; otherwise, you will earn no points from homework assignments.

Brief course description

This is an introductory Macro course. We will deal with questions about the economy at the national-economy level: national consumption and investment, financial markets and interest rates, unemployment and labor policies, nation-wide fiscal and monetary policies, and more. Our goal is to discuss and learn about the mechanisms of aggregate markets and their inter-linkages. We will touch the economic substance of these mechanisms: we will pay special attention to the incentive structure of microeconomic units and we will discuss how this structure can pervade aggregate markets and be reflected at the Macro level. In other words, we will learn how to make good questions about the macroeconomy, as making good questions is the most important part of understanding the level of abstraction needed in order to look at some core macroeconomic mechanisms. After progressing with this, we will be able to examine more deeply the most interesting issues: government and Central-Bank policies. Our goal will be achieved not only by following our textbook, but also through homework exercises that will reveal to us our strengths and weaknesses throughout the whole semester. After this class, we should all be able to understand and constructively doubt a large body of articles appearing in the financial press, and students who will continue taking courses from the program's macro sequence should have obtained a solid background to extend their macro knowledge.

List of topics

1. Introduction
2. National Income Accounting
3. The Goods Market
4. The Financial Market
5. The IS-LM Model
6. The Labor Market
7. The AS-AD Model
8. The Phillips Curve
9. Inflation expectations and short/medium-run dynamic analysis
10. Open Economy
11. Long-run macroeconomics

Textbook

"Macroeconomics" by Olivier Blanchard (4th edition – Pearson Education) (in English <http://vig.prenhall.com/catalog/academic/product/0,1144,0131860267,00.html>)

or you can use the German translation of this book:

“Makroökonomie” by Olivier Blanchard and Gerhard Illing (4th Edition – Pearson Studium, in German <http://www.pearson-studium.de/main/main.asp?page=bookdetails&ProductID=13786&SID=%7BC03CF8F3%2D4FBA%2D427E%2DA2DC%2D431199F3F5F7%7D>

Evaluation

Final exam 75% : ATTENTION! You need to pass the final exam in order to pass the overall course.

Homework assignments 25% -- based on grading 2 randomly selected homework assignments: ATTENTION! You need to demonstrate sufficient understanding of any of the assigned homeworks (problem sets) through an oral examination in the tutorials in order to earn the right to have two randomly selected problem sets graded.

Rules concerning the final exam

The final exam is on February 21st, 2008, 8:30-10:00 (room(s) to be announced separately during the semester).

You will need to register for the final examination following the procedure set out by the Examination Office. **Do not register for this course if you have scheduling conflicts regarding the final examination date and time.** For any questions concerning the registration for the final examination please contact the Examination Office directly:

pruefungsamt@wiwi.uni-frankfurt.de .

The final exam gives you the opportunity to collect 100 points.

If you collect less than 50 points, you fail the overall course, no matter what you have done in the homework assignments/tutorial.

If you collect Z points out of 100 in the final exam (and only if $Z > 49$), then your course grade will be: $75\%Z +$ performance in homework assignments.

Rules concerning the course's homework assignments

Each week I will be assigning to you a homework assignment (problem set).

You must hand in **all** homework assignments **in the class** at a particular pre-assigned date and time by putting your answers in a box that will be in H IV. You may cooperate with your classmates for answering homework questions, but you must write your answers by yourselves and express them in your own words (in English or German). While I recommend that you attend all lectures, attendance of the lectures/discussion section is not mandatory. So, at a date you have to hand in a homework assignment you may not show up yourselves, but a classmate of yours who shows up that day may put your answers in the box. Once the box is closed, no additional answers will be accepted for any reason, and extensions to deadlines for homework assignments will never be given for any reason.

The answers to homework assignments that you will be handing in will be kept stored throughout the semester. Your job then is to accept a call from the tutorial (mentorium) instructors in order to show up at a particular date. Each one of you must show up at least once in the tutorials under appointment in order to take an oral examination on any two of the homework assignments that you have handed in most recently. Satisfactory performance in that oral examination will earn you the right to have two randomly selected homeworks of yours graded, by the end of the semester. (Of course, students who do not have an appointment for an oral examination at a particular date are highly encouraged to attend the tutorials.)

If you fail the oral examination, you have a second chance (you must make another appointment with your instructor), but not a third chance.

If you fail the oral examination twice, your homework assignments will not be graded and your performance in homework assignments will be 0%, no matter what quality of homeworks you have handed in. In that case, in order to pass the course, you will need to collect 66 points out of

100 in the final exam, (75% of 66 points in the final exam + 0% in homework assignments makes approximately 50% performance for the overall course).

If you pass the oral examination, I will personally use my computer's random-number generator to assign which two of the problem sets that you have been obliged to hand in will be graded, but only for each of you who will have passed the oral examination. Each of the two exercises my computer selects can earn you up to 12.5% points (if you have scored perfectly in both randomly selected exercises, then you automatically have a credit of $12.5\%+12.5\%=25\%$ out of the overall course performance, provided that you pass the final exam).

If my computer picks a problem set that you have not handed in and a problem set where you have performed Z%, then the percentage contribution of your homework assignments to your overall course grade will be $0\%+Z\%12.5\%$, provided that you pass the final exam.

Calendar of homework assignments and tutorials

There will be a total of 14 Problem Sets throughout the course's duration.

Each problem set will be being posted one week before its deadline on the course's website. Students will be being invited for an oral examination in the tutorials one week ahead via email.

Problem Set 1 will be due on Tuesday Oct. 30, 2007 in the class. Accordingly,

Problem Set 2 due on Nov. 6, 2007

Wednesday, Nov. 7, 2007: 1st meeting of tutorial groups examining Problem Sets 1 and 2.

Problem Set 3 due on Nov. 13, 2007

Problem Set 4 due on Nov. 20, 2007

Wednesday, Nov. 21, 2007: 2nd meeting of tutorial groups examining Problem Sets 3 and 4.

Problem Set 5 due on Nov. 27, 2007

Problem Set 6 due on Dec. 4, 2007

Wednesday, Dec. 5, 2007: 3rd meeting of tutorial groups examining Problem Sets 5 and 6.

Problem Set 7 due on Dec. 11, 2007

Problem Set 8 due on Dec. 18, 2007

Wednesday, Dec. 19, 2007: 4th meeting of tutorial groups examining Problem Sets 7 and 8.

Problem Set 9 due on Jan. 8, 2008

Problem Set 10 due on Jan. 15, 2008

Wednesday, Jan. 16, 2008: 5th meeting of tutorial groups examining Problem Sets 9 and 10.

Problem Set 11 due on Jan. 22, 2008

Problem Set 12 due on Jan. 29, 2008

Wednesday, Jan. 30, 2008: 6th meeting of tutorial groups examining Problem Sets 11 and 12.

Problem Set 13 due on Feb. 5, 2008

Problem Set 14 due on Feb. 12, 2008

Wednesday, Feb. 13, 2008: 7th meeting of tutorial groups examining Problem Sets 13 and 14.

Regarding the material posted on the course's website

I will be posting some material, such as my lecture slides, on the website throughout the course's duration, in accordance with the course's progress and speed of topic coverage. This material will be password protected. I will provide you with the login and the password in the class. In case you forget the website's login and password, please, do not send an email to me: first, make sure that you ask a classmate of yours; if this is not fruitful, please send an email to geldpolitik@wiwi.uni-frankfurt.de , or to your tutor (tutorial instructor).

ATTENTION! Do not view the material posted on the course website as a substitute for attending classes, reading the textbook, or working on your homework assignments. The lecture and discussion sections will involve information that cannot and will not be posted on the course website. The lecture and discussion section notes that will be being posted on the website are meant only for providing guidance concerning the highlights of the course so that you can study more efficiently.