Readings: Chapter readings from the 5th edition of *Macroeconomics* by Andrew B. Abel and Ben S. Bernanke are required. Readings from this text are listed by the letter “A” and one or more chapter numbers in the Course Outline. Additional readings are from *Macroeconomics* by Charles Jones, an unpublished manuscript that is well written, particularly the material on growth. Chapters from Jones are indicated by “J” and this document will be posted on BlackBoard. Important readings also are from David Romer’s lecture notes titled “Short-Run Fluctuations” which are indexed by the letter “R”. These notes are in two files: Text and Figures. Homework and exams are primarily based on required readings and what is covered in class.

Supplemental Readings are also listed below in the Course Outline. These readings often explore advanced topics beyond what we have time to cover in this course. All but one of these readings is downloadable from the Web, and that one should be available at our library. Supplemental readings are NOT usually required reading. But if something from these readings is covered in class, that information might appear on a test. I will be certain to tell you when we cover any of the supplemental readings.

I also recommend reading *The Wall Street Journal* to supplement course work in economics (and business too). The WSJ is a useful tool for applying macroeconomic concepts to actual events, evaluating policy debates and providing up-to-date information on macroeconomic performance. Regular reading will help you develop a better understanding of macroeconomics. Although it would take the better part of a day to read the WSJ from start to finish, the articles relevant to macroeconomics will rarely take as much as a half hour to read.

Homework is regularly assigned. Questions will come from the text or will be my own creation. Your answers will NOT be collected, but I will provide solutions to each homework set. You will make a costly error if you conclude that doing the homework is unimportant because it counts for no points. Why? Because a good effort on homework will improve your grade considerably. It is best to work hard on all questions BEFORE you take a look at the solutions that I provide. This strategy is probably the best way to cultivate a good understanding of macroeconomic concepts and methods, something which is necessary if you want to do well in this course.

My Web Page: [http://www.people.ku.edu/~jkeating/](http://www.people.ku.edu/~jkeating/), has course information such as the syllabus, a link to Blackboard, and information about research, news, etc. that economists and students of economics may find interesting. I will use either my Web page or BlackBoard to distribute important course materials. Blackboard must be used for any items that I am not allowed to make freely available on the Web (e.g. chapters from *Macroeconomics* by Jones, solutions to the textbook questions).

Scheduling Conflict: On October 19 (Thursday) I will not be on campus. I will try to find a beneficial way to make use of that class period. Otherwise, class will have to be canceled that day.

Grading: Grades are based on two mid-term exams and a final exam. Each exam will be worth 150 points. Class participation may be helpful in the case of borderline course grades.

Excused exam absences may be given, but only under justifiable circumstances and permission must be obtained prior to the scheduled exam period if possible. If that is not possible, you should contact me as soon as you are able to. Voice mail or e-mail are easy ways to do this. The letter grade for one excused mid-term absence will be the same as your letter grade on the final exam. Unexcused absences earn 0 points. If you know you will be absent ahead of time from an exam, we may be able to arrange for you to take the exam at an earlier time.
Additional examination policies:

1. Closed-book tests;
2. If you believe there is some error in your grade, but you answered in pencil or anything else that is erasable, then your test will not be eligible for re-grading;
3. Calculators are not permitted. The mathematical calculations in this class are easy for anyone with the credentials to get into KU;
4. Cheating on tests will be punished to the fullest extent allowable at KU.

COURSE OUTLINE

1. Macroeconomic Variables and Measurements:
   A:1, 2, 3.5, 3.6;  J: 1, 2
   CW
   CPI

2. The Production Function and Labor Market Equilibrium:
   The Production Function:
   A:3-1
   Full Employment and Natural Unemployment:
   A:3.2-3.4;  11.1;  J: 7
   SIEB
   NICK

3. The Goods Market:
   Demand for Consumption and Investment Goods:
   A:4.1, 4.2, pp.138-140 in 4.3;  SAVE
   Goods Market Equilibrium:
   A:4.3

4. Economic Growth:
   The Facts about Growth:
   Solow’s Growth Theory
   Beyond Solow’s Theory
   A:6;  J:3, 4, 5, 6  PROD;  IT

5. Asset Markets, Money and Inflation:
   Supply and Demand for Money:
   A:7, 14.1, 14.2 up to p.538, Box 14.2
   J:8  MFACTS

6. The Economy in the Short Run:
   The IS-MP Model:
   A:9.2, 9.3;  R:1  J:9.10, 11, 12
   The LM Curve and its Limitations:
   LM
   Analysis of the Short Run:
   Costs of Inflation:
   A:12 (pages 455-459)

7. The Economy in the Long Run:
   Modern Theory of Sticky Prices:
   A:11.2
   The ADπ - πA - FE Model:
   R:3
   Adjusting from the Short Run to the Long Run:

8. Business Cycles:
   The Facts about Cyclical Fluctuations:
   A:8.1, 8.2, 8.3;  TS
   Keynesian Business Cycle Theory:
   A:11.4
   Stabilization Policy:
   FRBUS

9. Additional Fiscal Policy Issues:
   A:15;  DEF  J:13

10. Additional Monetary Policy Issues:
    A:14
11. The Phillips Curve: A:12, 3.6

   GREEN; MANN


EXAM SCHEDULE:
FIRST MIDTERM: Thursday September 21, in class
SECOND MIDTERM: Thursday November 2, in class
FINAL: Tuesday, December 12, from 8 to 10 am; in our regular classroom.

Supplemental Readings: (Except for CPI, you may click on the abbreviations to download the articles. To read CPI you’ll need a hard copy of it, e.g. at the library)

3. SAVE: “What's Behind the Low U.S. Personal Saving Rate?” by Milt Marquis, Federal Reserve Bank of San Francisco Economic Letter, 2002-09; March 29, 2002
10. GREEN: “Remarks by Chairman Alan Greenspan on the Current Account”