COURSE SUMMARY: Macroeconomics is the study of the overall health and performance of the economy. In this class we will begin by reviewing basic principles of economics and seeking to understand why market economies based on free enterprise have consistently outperformed socialistic economies. We will then look at the key focal points of macroeconomics: taxes and government spending, money, price indexes and inflation, GDP and its growth, unemployment and the labor force, leading economic indicators, and other such concepts. Next we will turn to macroeconomic theory: How do economists and policymakers think about macroeconomic issues? (This will be the hardest part of the class for many students). Here we will study the determinants of Aggregate Demand and Aggregate Supply, including the impact of high energy prices and unexpected changes in Aggregate Demand, and how AD/AS interactions determine the overall level of economic activity. Finally we will study the Federal Reserve System, monetary and fiscal policy, the deficit and the national debt.

CLASS MEETS: Monday, Wednesday, Friday, 11:00-11:50 AM, Bennett Hall Room 137.

[2] Powerpoint Slides (to be available on First Class Course Site).
[3] Our FIRST CLASS COURSE SITE will include nearly all assigned readings that are not in our main text, as well as sample exams. It is available for all students. Be sure to find it on First Class (it should be on your First Class Desktop within one week of start of semester). There is a student chat room on the site that you can use to ask other students questions.

RECOMMENDED (NOT REQUIRED) SUPPLEMENTS:
[1] Study Guide by Tucker. I will take some exam questions out of the Study Guide in order to encourage you to use it.
[2] A one-semester subscription to the Wall Street Journal. The Journal is the leading source of financial and economic news in the U.S. We will be referring often in class to current and past articles in the Journal. Economics is an applied social science, and we will be applying it to the news of the day during the semester.

INSTRUCTOR OFFICE AND HOURS:
Office: Stevens Hall, Rm. 230 (The Main Economics Office is Located in Winslow Hall, 2d Floor).
Phone: 581-1852 (my number) or 581-3154 (main Economics office number).
The School of Economics contact person is: Karen Moffett (email: Karen Moffett, on First Class).
My Email: michael.montgomery@umit.maine.edu.
Office Hours: MWF 3:00-5:00PM.

TESTS AND EXAMINATIONS:
Exam 1: February 5, Wednesday.
Exam 2: February 26, Wednesday.
Exam 3: April 9, Wednesday.
Final Exam: May 7, Wednesday, 10:30AM-12:30PM, in our regular classroom.

To avoid being penalized, you must take at least two of the three Regular Exams (a regular exam is an exam other than the final exam). All Exams will be given in the classroom, at the regular class time. Each Exam will consist of 33 multiple choice questions.
The Final Examination is COMPREHENSIVE, including questions from the entire course, but with more emphasis on material presented in the second half of the course. It will consist of 60 multiple choice questions. No exemptions from the Final Examination will be granted.

HELP IN THE CLASS AND OTHER CAMPUS AIDES:

We have a Teacher’s Assistant (T.A.) assigned to the class, who will be attending lectures and who will be able and willing to help you with class material. Our Graduate Student T.A. for the class is Kevin Brooks. He will be keeping regular office hours and will offer additional hours before exams. He will also offer a review session shortly before each exam.

The economics tutoring center, located on the 3d floor of Stevens Hall, is where a number of T.A.s regularly hold office hours most weekday afternoons. Most tutors are able to help you with material in this class, even if they are not assigned to this class.

GRADES:

Your final grade for the class will be fully determined by [A] your cumulative exam score (as described below); and [B] your attendance points (ATTENDANCE COUNTS IN THIS CLASS).

[A] Your Exam Score for the course will be determined in a way that depends on the number of Exams you took during the semester (in discussion below, a regular exam refers to exams other than the Final exam). There are four possibilities:

(1) If you took all three regular Exams, then your Exam score for the course will equal the higher of the following two possibilities:
   [a] your Exam score for the course is determined 75% by the average of your three regular Exams, and 25% by your Final Exam score; or,
   [b] your Exam score for the course is determined 50% by the average of your top two regular Exam scores, and 50% by your Final Exam score (that is, in this second case the regular Exam on which you made your lowest score is automatically disregarded).

(2) If you took only two regular Exams, then the regular Exam you missed will automatically be disregarded, and your course score is determined 50% by the average of your top-two regular Exam scores, and 50% by your Final Exam score. So you will not be penalized for missing one regular Exam. (This is just a special case of (1)[b] above.)

(3) If you took only one regular Exam, then your Final Exam score, MINUS A TWENTY POINT PENALTY, will be taken as your second regular Exam, and your course score will then be determined as in (2).

(4) If you took no regular Exams, then you will receive a zero as one regular Exam score, and your Exam score for the course will then be determined as in (3).

<table>
<thead>
<tr>
<th>EXAMPLES:</th>
<th>Test 1</th>
<th>T2</th>
<th>T3</th>
<th>Final Exam</th>
<th>Course Exam Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheldon</td>
<td>75</td>
<td>70</td>
<td>100</td>
<td>50</td>
<td>73.75</td>
</tr>
<tr>
<td>Leonard</td>
<td>75</td>
<td>missed</td>
<td>100</td>
<td>50</td>
<td>68.75</td>
</tr>
<tr>
<td>Raj</td>
<td>75</td>
<td>missed</td>
<td>missed</td>
<td>50</td>
<td>51.25</td>
</tr>
<tr>
<td>Penny</td>
<td>missed</td>
<td>missed</td>
<td>missed</td>
<td>50</td>
<td>32.50</td>
</tr>
</tbody>
</table>

This system is designed so that students can miss one regular Exam without explicit penalty, so that students who get sick or have a personal issue during an exam week do not blow their entire semester average. Also, by taking all three regular Exams and doing well on them, students can insure themselves
against the risk of doing poorly on a difficult Final. On the other hand, students doing poorly early in the semester can often still reach their target grade by doing well on the Final Exam, since the Final will make up 50% of your final course score if this improves your score.

[B]  **Attendance Points:** Students who regularly attend lecture and pay attention typically understand the material better. To encourage students to attend lecture, this class rewards attendance substantially. **Regular attendance is worth a full letter grade in this class.** Students may miss up-to four lecture-days without penalty. Beyond that point, attendance points diminish rapidly. Supposing 35 lecture-days in this semester, a student that fully attends 31 or more lecture-days will receive the maximum attendance points (10 points allocated to your final numerical score in the class). A student attending 30 lectures will receive 8 points for the semester’s attendance. A student attending 29 lectures receives 6 points for their semester’s attendance. Students attending only 28 lectures receive 4 attendance points. Students attending only 27 lectures receive 2 attendance points. Students attending less than 27 lectures receive no points for attendance.

Attendance likely will not be taken every day, but will be taken frequently, with a tendency to take attendance for Wednesday classes less often.

Missing class will not be penalized if it is for a certified University event that requires your absence from class, or a similar serious conflict.

**NOTE:** Signing an absent student’s name onto the attendance roster is cheating, and will be treated accordingly. **At minimum, you will forfeit all of your attendance points if you are caught.**

There will be no opportunities in this class to do outside work for extra credit. Considerable extra credit already is built into the course through the attendance policy.

A Final Numerical Grade of 90 or above guarantees the student at least an "A-" in the course, a Final Numerical Grade of 80 or above at least a "B-", etc. A Final Numerical Grade of 60 or above guarantees a passing grade. It is expected that about 15% of the students completing the course will earn a grade of A or A-, about 25% B+, B, or B-, about 45% C+, C, or C-, about 10% D+, D, or D-, and about 5% E or L. The grading system does not require that anyone fail.

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PLEASE NOTE THE FOLLOWING WARNING to students on academic probation, varsity athletes, or other students with a special need to receive a particular grade in this course. Under **NO** circumstances will I give special consideration at the end of the semester due to someone's need for a particular grade. Once you have completed the course, there will be no other opportunity to improve your class score.

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*In the event of disruption of normal classroom activities due to a flu outbreak, the format for this course may have to be modified to enable completion of the course. In that event, you will be provided an addendum to this syllabus that will supersede this version.* (Statement by Umaine Administration)