

Syllabus
Economics 576 81E 82718
Macroeconomic Theory and Policy,
Fall 2012

Professor: Stanley R. Holmes, Ph.D.

Phone: 903-468-6029 (Commerce) 903- 365-7190 (Home Office)

Fax: 903-886-5601

E-mail: Stanley.Holmes@tamuc.edu

Class

We will meet every Thursday at UCD in room 420 from 6:15 to 8:55 p.m. CDT.

ABOUT THE COURSE - GENERAL FOCUS: Macroeconomics deals with the **aggregate** level of economic activity. Macroeconomic Theory and Policy focuses on several central questions:

- 1) What can we (reasonably) expect of the macroeconomy?
- 2) How do we evaluate performance on the macro level?
- 3) What makes the economy tick (or fail to tick)?
- 4) What happens when the macroeconomy fails to perform up to par?
- 5) Can we/how can we make the economy tick more smoothly?

REQUIRED TEXT: There is not a required text. Required materials will be posted in DocSharing on our class webpage or else a link will be provided. I recommend that you have access to any standard macroeconomics principles text (list included in DocSharing) for review and/or background.

Nature of the Course/Material

Keep in mind that Economics 576 is a graduate level course in aggregate economics. A course in Macroeconomic Principles is a prerequisite for Economics 576. Please note that the concept of “prerequisite” is not about a check mark—it has to do with one’s background regarding preparedness to handle the material. Consequently you should have a general familiarity with and understanding of, the basic terminology and tools of macroeconomic analysis before you start this course. It is important that you not start the course already behind. In case you have not taken any economics in several years, or if your course in macroeconomics was an institutional/non-analytical course, you may wish to check a modern principles text and/or course syllabus to update yourself on what is included in a macro principles course. Additionally, since macroeconomics is, to a high degree, about relationships between different variables and responses to autonomous changes, shocks and/or policy changes in the economy, we will spend some time on multipliers. Multipliers are about numbers. Consequently, we will use some very elementary algebra to analyze the concept. This certainly will not be more advanced than a high school, first level course in algebra. And while you will not be required to solve algebra problems, you will need to be able to follow and understand material that is algebra based. If you are uncomfortable with the idea that the course will involve some elementary algebra, you may want to review a bit before the course begins.

An Economics 231 (Principles of Macroeconomics) Home Page is available for your review—if **needed**. See <http://faculty.tamu-commerce.edu/dfunderburk/231/231.html> There are notes and exercises that you may wish to consult to make sure that you are “up to speed” before beginning this course. Also, this list of introductory texts is presented to facilitate your bringing yourself up to speed—if **necessary**. All these texts (and dozens of others) contain material pertaining to various measures of economic activity, aggregate demand-aggregate supply, consumption, investment, simple income determination, multipliers, money, monetary and fiscal policy, etc. **Consult these materials on an as-needed basis.**

What to Expect From the Class

There are two factors that you should consider carefully before you start this course. First, it is critical that you read materials and do assignments when assigned. A person who hopes to do well in this class can ill afford to fall behind. Second, this course requires that the student be much more self directed and work independently. In a readings course such as this, the student accepts a higher degree of responsibility for learning outcomes. My role is more that of facilitator and overseer—as opposed to lecturer/presenter. Both these factors mean that the student who takes this class must be more disciplined than is normal with other classes. Considering that a normal face-to-face, three semester hour course involves approximately 45 **contact** (in class) hours, and that is without allowing one minute for writing papers. If you do not have sufficient time to devote to the class each week, and/or if you are not comfortable with this type of setting, you probably should rethink taking this class. Keep in mind that Economics 576 is a graduate level economics course, and the performance requirements will be commensurate with same.

Office Hours: UPON REQUEST (which may be by email or phone—but must be at least 12 hours in advance), I will hold office hours on Mondays and Wednesdays between 1:00 pm and 3:00 pm and Tuesdays and Thursdays 11:00 to noon and 2:00 pm to 3:00 pm CDT at Commerce in room BA 249C. I will also be available before about one hour before class (5:00 to 6:00 pm) in room 107 at UCD. Office hours normally will not be used to cover new material or as a substitute for attending class. However, these will provide the opportunity to ask questions about material—either already covered or upcoming. It is recommended that you consult your syllabus and the Course Pages in eCollege to see if your administrative and/or procedural questions/concerns are addressed there. You may e-mail me with questions concerning materials (not addressed in class and/or office hours), and I will respond as promptly as practical. Please allow me up to 24 hours (during the week—not counting weekends) to reply. If you have not received a response within that time frame, please re-send the e-mail **and call my office** (leaving a voice mail if not answered).

Course Grade: There will be either three or four components (your choice) to your course grade. First, there will be **two exams**. Exam I, which will cover material assigned for the first six weeks of the term,

and will be available from noon on October 4 through midnight October 7 . Exam II, which will be comprehensive, will be noon December 4 through midnight December 7. The two exams will carry equal weight toward determination of your final course grade. **Mark these exam dates on your calendar now. "Forgetting," being "out of town" or "confused" about the time that the exam is available is not an acceptable excuse for missing it.**

Second, there will be two **required special projects** in the course. These will involve individually researched and written papers regarding different topics/aspects of the course. You will have approximately one week's notice before each of these papers is due. Your combined percentage score on these projects will carry the same weight as an exam relative to determining your semester grade. Third, there will be the opportunity **(and option) of writing a term paper** in the course. Generally, term papers must relate to macroeconomic theory and policy (You may wish to consult list of possible topics), should be approximately 10-15 pages in length, and should be well organized, written, edited, and documented. Term papers are due by midnight, December 4—NO EXCEPTIONS. For specifics, including topic suggestions and requirements/expectations, see About Term Papers

To make an "A" in the course, you must average at least 90% on the exams and the projects, and turn in an acceptable term paper on an approved topic.

To make a "B" in the course, **either** (1) you must average at least 75% on the exams and the projects (and you need not write a term paper), **or** (2) you may turn in a term paper, which will carry equal weight with the exams and the projects. Under this second option, the four grades (the two tests, the project percentage grade, and the term paper) must average at least 75%.

To make a "C" in the course, **either** (1) you must average at least 60% on the exams and the projects (and you need not write a term paper), **or** (2) you may write a term paper. Under alternative (2) the exam scores, the projects percentage, and the term paper must average at least 60%.

My "Negative" Note: I do not like to hear graduate students whine. I prefer to see my students perform. "Need" is not a factor in determining course grades, so please do not call or e-mail me telling me how much you need to make a certain grade. I also do not care what grade you made in all your other courses, nor do I care if you are allowed to work in "teams" in all your other classes and/or if you are awarded "participation" points in other courses. Grades are to be earned, not gifted. If a certain grade in this course is critical to you, you might find it worthwhile to re-read the paragraph above relative to the nature of a summer online course, and read and heed the material below under the heading "Hints for Making a Good Grade in this Course."

Tentative Outline/Schedule --- Assignments and Materials

Introducing Macroeconomics (August 30 – September 6)

Reading: The Broken Window (macro/micro)

Rational (macroeconomic) Policy Making

Macroeconomics- Measuring and Assessing Macro Performance (September 13 – September 20)

Macro models introduced

Aggregate Demand – Aggregate Supply

Macro Macro 1 (DocSharing)

Simple Keynesian Model (September 27 – October 4)

Macro Macro 2 (DocSharing)

Exam/Opportunity I – October 4 – October 7

(Thursday noon – Sunday midnight)

Expanding the Macro Model and Equilibrium Income and Multipliers (October 11 – October 18)

Full Macro Model Applied; Expanding and Tweaking (October 25 – November 15)

The basic model; critique/limitations of model

Alternative Views of the Macroeconomy (November 22 – November 29)

Exam/Opportunity II – December 4 – 7

(Tues noon – Friday midnight)

HINTS FOR MAKING A GOOD GRADE IN THIS COURSE

1. Note the prerequisite requirements. If you do not have the background for the course you are unlikely to do well.
2. Attend the Class—come prepared, ask questions if you do not understand the material and/or assignments, stay alert and take good notes
3. Take advantage of any and all bonus opportunities.
4. Read and study materials when assigned. Falling behind can be fatal (grade-wise, of course).

5. Turn in all projects and take exams on time—and in proper form (see below). Mark exam dates on your calendar **now**. Missing an exam is a very poor strategy for passing the course.
6. All assignments--tests and projects--are individual (not group) assignments. Make sure that the materials you submit reflect your (exclusive) work.
7. When you don't understand material, ASK QUESTIONS—either in class, by email, phone, or even make an appointment to come by my office. As soon as you realize that you are having problems in the course, contact me then.

Suggestions for submitting written assignments:

1. Save a backup copy when you submit. It may contain material or concepts that you will wish to review for the upcoming exam.
2. Put the assignment in your own words—DO NOT SEND ME ANY CUT AND PASTE ATTACHMENTS. I do not care to read National Bureau of Economic Research generated material about the NBER (relative, for example, to an assignment regarding business cycles). Tell me what **you** have to offer—but stick to facts and analysis, not unsupported opinion.
3. Put the assignment in your own words—DO NOT SEND ME A PAPER THAT IS IDENTICAL TO THAT SUBMITTED BY YOUR FELLOW CLASSMATE. The assignments are not group projects.
4. Treat each submission as a university, graduate level assignment—not a text message to a pal. Keep in mind that in a formal setting:
 - a) Grammar and spelling matter (and may be held against you);
 - b) 2 and 4 are Arabic numerals, not prepositions;
 - c) U and R are letters of the alphabet, not pronouns and contractions;
 - d) “there” and “their” are not interchangeable words;In general, ask yourself if your submission is of a quality and maturity that you would submit to an employer—assuming that you would like to keep your job and advance with the company.

Students with Disabilities:

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you have a disability requiring an accommodation, please contact:

Office of Student Disability Resources and Services

Texas A&M University-Commerce

Gee Library

Room 132

Phone (903) 886-5150 or (903) 886-5835

Fax (903) 468-8148

StudentDisabilityServices@tamuc.edu

**COURSE NUMBER & TITLE: Eco 576, Macroeconomic Theory and Policy
Evaluation Criteria**

Criteria (Course Objectives)	1 (Unsatisfactory)	2 (Emerging)	3 (Proficient)	4 (Exemplary)
Relative to macroeconomic performance -- Demonstrate a familiarity with U.S. national economic performance objectives, be able to access and employ relevant data pertaining to economic performance, and understand the costs associated with the failure to achieve stated goals.	Student exhibits no understanding of the issues being examined	Student makes serious errors with regard to the significant issues of the question or problem being examined, but at least demonstrates	Student demonstrates understanding of the major points of the issues being examined but does not demonstrate understanding of all the details of	Student can demonstrate a thorough knowledge of the issue being examined
Relative to discretionary stabilization policy-- Demonstrate an understanding of the nature and function of monetary and fiscal policy tools available for the pursuit of macroeconomic objectives as well as limitations of same.	Student exhibits no understanding of the issues being examined	Student makes serious errors with regard to the significant issues of the question or problem being examined, but at least demonstrates knowledge of some of the major points of the issues	Student demonstrates understanding of the major points of the issues being examined but does not demonstrate understanding of all the details of the issue	Student can demonstrate a thorough knowledge of the issue being examined

**Relative to
macroeconomic
theory—**

Demonstrate an understanding of the role of macroeconomic theory and data in the policy formulation and implementation process

Student exhibits no understanding of the issues being examined

Student makes serious errors with regard to the significant issues of the question or problem being examined, but at least demonstrates knowledge of some of the major points of the issues

Student demonstrates understanding of the major points of the issues being examined but does not demonstrate understanding of all the details of the issue

Student can demonstrate a thorough knowledge of the issue being examined