

Economics 576.01W
Macroeconomics for Managers
Fall 2019
Syllabus--Preliminary

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Campus/Commerce Office Hours: Tues & W 9:30 – 11:30 and by appointment

ABOUT THE COURSE –

CATALOG DESCRIPTION: This course provides a broad overview of macroeconomic theory and policy. The major focus is on understanding the nature, causes and implications of fluctuations in the levels of aggregate income, employment, prices, and production in a global environment. While individual managers and firms have no control over aggregate economic performance, they are very much impacted by macro forces. The effective manager recognizes and understands these forces and is thus better able to operate effectively in the ever changing market environment.

GENERAL FOCUS: Macroeconomics deals with the **aggregate** level of economic activity. Macroeconomics for Managers focuses on several central questions:

- 1) What can we (reasonably) expect of the macroeconomy? *[establishing priorities]*
- 2) How do we evaluate performance on the macro level? *[measuring and assessing]*
- 3) What makes the economy tick (or fail to tick)? *[income determination theory]*
- 4) What happens when the macroeconomy fails to perform up to par? *[business cycle theory]*
- 5) Can we/how can we make the economy tick more smoothly? *[macro policy]*

REQUIRED TEXT: There is not a required text. Required materials will be posted in the course website or else a link will be provided. For background and review purposes, **if needed**, I recommend a basic Macroeconomics Principles text such as McConnell, McConnell-Brue, or McConnell-Brue-Flynn. (It's a McGraw-Hill text. There are now about 20 editions of the text and the particular edition you consult is not important.) For those who like to have an intermediate level macro text for reference purposes I recommend Macroeconomics: Policy and Practice by Frederic Mishkin (Prentice Hall, ISBN-13:9870321436337).

Nature of the Course/Material

Keep in mind that Economics 576 is a graduate level course in aggregate economics. Macroeconomic Principles (or Econ 501) 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. 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, it would serve you well to check a modern principles text 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 so-called multipliers. Multipliers are about numbers. Consequently, we will use some very elementary algebra to analyze the concept. This will not be more advanced than a high school, first level course in algebra. And while you will not be required to solve complex algebra problems, **you will need to be able to follow and understand material that is low-level algebra based**. If you are uncomfortable with the idea that the course will involve some elementary algebra, I recommend that you review a bit before the course begins.

It is imperative that you do the readings, study, turn in assignments and take tests on schedule. Keep in mind that Economics 576 is a graduate level economics course, and the performance requirements will be commensurate with same.

Webinars/Online Sessions: An online session (YouSeeU) is scheduled for each Thursday, August 29 through December 5, 2019 from 6:30 pm to 8:30 pm, Central Time. For details concerning connectivity requirements and procedures see “Technical Stuff” below. **It is strongly recommended that you participate in the online sessions if at all possible**. However, in case you are unable to participate at the scheduled time, the sessions are recorded and you can access it at any time after it is completed. **In case you do miss a webinar, it is important that you access the recorded session as soon afterward as possible—sooner is preferable to later**. The purpose of the online sessions is to provide perspective relative to the material, to focus on and emphasize major topics and concepts, and to answer questions on the material. Failing to attend and/or access the online sessions does not absolve you of the responsibility to understand the material and/or keep up with assignments.

Assignments—Assignments will be announced/assigned in the “Week-by-Week” section at the course D2L website. **Check that column regularly for reading/study assignments** as well as any assignments required to be submitted. Additionally, that is where you will find items such as suggestions for study, recommended special interest readings, and reminders of upcoming deadlines. Inasmuch as most assigned readings will relate to materials included in D2L Content, you will find that checking the “Week-by-Week” column regularly will be the easiest and best way of making sure that you are keeping up and that you don’t miss an assignment or deadline.

COURSE GRADE:

Components-- There will be either three or four components (your choice) to your course grade—depending on whether you opt to write a term paper. If you submit a term paper, there are four components, otherwise three. See below for term paper requirements and treatment in course grade.

First, there will be **two exams**. Each exam will be worth 100 points, and the two exams will carry equal weight toward determination of your final course grade. Exam I, which will cover material assigned for the first half of the term, will fall at approximately half-way through term—with the exact date to be announced later--both orally in class (during online session) and in D2L. Exam II, which will be comprehensive, will be December 11-13, 2019.

Second, there will be two required projects in the course. Each project will be worth 50 points and your percentage score on these projects will carry the same weight as one exam relative to determining your semester grade. These will involve individually researched and written papers or problems regarding different topics/aspects of the course. You will have approximately one week’s notice before each of these papers is due.

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, Saturday, November 16, 2019.** For specifics, including topic suggestions, requirements and expectations, see About Term Papers.

Finally, there may be a **bonus** problem or short paper or two during the term. If and when these bonus opportunities are presented, they will be relatively quick turn-around assignments—due within a week or less. This is one more reason why it is important to access the recorded webinar as soon after the session as possible, in case you miss one. Points earned on bonus assignments will be added to exam scores.

Requirements -- To make an "A" in the course, you must average at least 90% on the two exams and 90% on the projects, and turn in an acceptable term paper. Note: You cannot make an A in the course without submitting a term paper, and that paper must be submitted no later than November 16, 2019.

To make a "B" in the course, **either** (1) you must average at least 75% on the exams and on the projects (and you need not write a term paper), **or** (2) you may submit 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" Notes: I do not like to hear graduate students whine. (It makes me crazy.) 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. Grades are to be earned, not gifted.

Re: Late work – All assignments (including projects and term paper) and exams must be submitted no later than the date specified in the syllabus, assignment document and/or D2L. Mark assignments and exam dates on your calendar as soon as they are announced. Unless extenuating circumstances arise, late work will not be accepted. Please note that "extenuating circumstances" do NOT cover forgetting, being "confused" about the deadline, having technical difficulties, needing "extra" time because of assignments/exams in other classes, or otherwise "running out of time." The evaluation of extenuating circumstance is judged on a case-by-case basis. Document must be provided in a timely manner. Your failure to plan does not constitute an extenuating circumstance.

Macroeconomic Theory & Policy Rough Outline of Course

- I. Introduction
 - A. What is macro? (beyond memorizing definitions)
 - B. Why macro?
 - C. Thinking macro
 - D. Rational (macroeconomic) Policy Making
- II. Measuring and Assessing at the Aggregate Level
 - A. What to measure at the macro level
 - B. How to measure (aggregate performance metrics—finding, interpreting and using data)

Project 1—revolves around Measuring and Assessing

- III. Building a (Keynesian-type) Macro Model
 - A. History and perspective re: Keynes; Keynes v Classical Economists
 - B. Equilibrium at the macro level (comparative statics, dynamics later)
 - C. Demand and Supply concepts (at the aggregate/macro level)
 - D. Analyzing spending sectors, spending components
 - E. Models and Multipliers—building from ground up
 - i. Two sector equilibrium—equilibrium conditions and adjustment forces and processes. Developing the notion of an investment multiplier)
 - ii. Three sector equilibrium (adding govt spending and tax multipliers)
 - iii. Four sector equilibrium
 - iv. Tweaking the models—some “what ifs”
- IV. Essentials of fiscal policy—introduction—tools, formulation and implementation
- V. Essentials of monetary policy—introduction, the Fed, tools, targets, formulation and implementation

Project 2—grading the economy’s performance)

- VI. Consideration of some non-Keynesian models
 - i. the quantity theory and monetarism
 - ii. New Keynesian economics (and economists)
 - iii. New Classical models
 - iv. New Keynesian v New Classical
- VII. Wrapping it up—relevance of macroeconomics for the micro decision maker

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. If you are a “I don’t do well in economics” student, and don’t have an adequate background in macro, you should be prepared to put in lots of time getting up to speed—and then mastering the required material.
2. Check D2L weekly assignments schedule regularly to make sure that you are staying abreast of assigned readings and required work.
3. Attend class/webinars regularly—come prepared, ask questions if you do not understand the material and/or assignments, stay alert and take good notes. It helps neither of us for you to do poorly on an exam and then tell me that you didn’t understand the material.
4. When you don’t understand material, ASK QUESTIONS—either 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.
5. Take advantage of any and all bonus opportunities.
6. Read and study materials when assigned. Falling behind in this class can be fatal (grade-wise, of course). Additionally, class lessons/lectures make more sense if you come to class prepared.
7. Turn in all projects and take exams on time—and in proper form.
8. All assignments--tests and projects--are individual (not group) assignments. Make sure that the materials you submit reflect your (exclusive) work.
9. **Never** send me an e-mail beginning with “I know you don’t like to hear graduate students whine, but.....”

Suggestions for submitting written assignments:

1. Written assignments are intended to be learning exercises. Put the assignment in your own words—DO NOT SEND ME ANY CUT AND PASTE PAPERS. 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.
2. 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.
3. 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, verbs or contractions;
 - d) “there” and “their” are not interchangeable words;
4. 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.

Broad Course Objectives and Expectations

Criteria (Course Objectives)	1 (Unsatisfactory)	2 (Marginal-Acceptable)	3 (Good--Acceptable)	4 (Exemplary)
<p>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.</p>	<p>Student exhibits little or no understanding of the issues being examined</p>	<p>Student makes significant 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</p>	<p>Student demonstrates understanding of the major points of the issues being examined but fails to demonstrate understanding of all the details of the issue</p>	<p>Student demonstrates a thorough knowledge of the issue being examined</p>
<p>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.</p>	<p>Student exhibits little or no understanding of the issues being examined</p>	<p>Student makes significant 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</p>	<p>Student demonstrates understanding of the major points of the issues being examined but fails to demonstrate understanding of all the details of the issue</p>	<p>Student demonstrates a thorough knowledge of the issue being examined</p>
<p>Relative to macroeconomic theory—Demonstrate an understanding of the role of macroeconomic theory and data in the policy formulation and implementation process</p>	<p>Student exhibits little or no understanding of the issues being examined</p>	<p>Student makes significant 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</p>	<p>Student demonstrates understanding of the major points of the issues being examined but does not demonstrate understanding of all the details of the issue</p>	<p>Student demonstrates a thorough knowledge of the issue being examined</p>

Please note: This syllabus should be considered a guideline, NOT a contract. As such it is subject to change as circumstances warrant— at this discretion of the instructor.

Texas A&M System Statement re: Campus Concealed Carry

Texas Senate Bill - 11 (Government Code 411.2031, et al.) authorizes the carrying of a concealed handgun in Texas A&M University-Commerce buildings only by persons who have been issued and are in possession of a Texas License to Carry a Handgun. Qualified law enforcement officers or those who are otherwise authorized to carry a concealed handgun in the State of Texas are also permitted to do so. Pursuant to Penal Code (PC) 46.035 and A&M-Commerce Rule 34.06.02.R1, license holders may not carry a concealed handgun in restricted locations. For a list of locations, please refer to

((<http://www.tamuc.edu/aboutUs/policiesProceduresStandardsStatements/rulesProcedures/34SafetyOfEmployeesAndStudents/34.06.02.R1.pdf>)

and/or consult your event organizer). Pursuant to PC 46.035, the open carrying of handguns is prohibited on all A&M-Commerce campuses. Report violations to the University Police Department at 903-886-5868 or 9-1-1.

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