ECO307A: Macroeconomic Theory Course Syllabus – SP 2017

Instructor: Dennis Debrecht
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Office Location: Business Hall 103
Office Hours: Monday and Wednesday 2-4 pm, and by appointment.
Class Time & location: --T-R--, 10:00 a.m. - 11:50 a.m., MN116

Course Information:
Course description: A study of the analytical core and the central issues of the measurement and determination of the level of national income, fluctuations, and growth. Fiscal and monetary policy effects on unemployment and inflation are examined. (SP) Pre-requisite: ECO225.


Attendance Policy: Students are expected to attend each class session. If possible, I’d like to know in advance when a student will be absent. In the case of an absence, students should get the class notes from another student in the class.

Purpose of this course: The purpose of this course is to study the analytical core and the central issues of the measurement and the determination of the level of national income, fluctuations, and growth. Fiscal and monetary policy effects on unemployment and inflation are examined.

Course Objectives: This course has been approved by the General Education Committee for meeting the social science general education 2 (GE2) distribution area. Students will learn theoretical and methodological approaches to the study of societal dynamics in economics and use that knowledge to analyze contemporary social issues.

Learning Outcomes: Upon completion of this course, the student should be able to:

(1) understand the basics of national income accounting,
(2) explain the effects of economic growth,
(3) understand the mechanics underlying the aggregate supply and aggregate demand curves,
(4) see more clearly than in the principles of macroeconomics course, the factors causing inflation and unemployment,
(5) note the differences in the macroeconomic schools of thought,
(6) understand the models of income and spending in the macroeconomy, especially the LM-IS model of the macroeconomy,
(7) understand the behavioral foundations of consumption and investment spending, and saving in the macroeconomy,
(8) explain the effects of monetary and fiscal policy on the macroeconomy, as shown using the LM-IS model,
(9) appreciate the international linkages in the macroeconomy,
(10) understand the methodologies germane to the social sciences, in particular to economics, as it applies in the larger social context, and
(11) analyze and integrate material in the field of economics, which is outside the student’s major area of study.
Measures of Achievement:
These outcomes will be assessed using the following:

(1) Written examinations and problem sets – The three essay/problem-solving exams and the three problem sets will be used in assessing writing and critical thinking skills, and in assessing items (1), (2), (3), (4), (6), (7), and (8) above.

(2) Group project presentations – These will be used in assessing oral communication and critical thinking skills, as well as the student’s understanding the contemporary relevance of the course. Items (2), (3), (5), (9), (10), and (11) above will be assessed using these presentations.

(3) The 12-15 page paper (accompanies the group project presentation) – the paper will be used in assessing writing and critical thinking skills, as well as items (2), (3), (5), (9), (10), and (11) above.

Content and Skills Goals: The content of this course emphasizes critical thinking skills and contemporary relevance of the course material. In particular, we will look at various macroeconomic models and look to apply them to today’s economy.

Grading Scale/Weight: There will be periodic problem sets (3) assigned from end-of-chapter questions from the text, as well as questions I devise. These problem sets will be graded and will consist primarily of essay/problem-solving questions. The material to be covered on the three exams is as follows:

<table>
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<tr>
<th>Exam</th>
<th>Chapters</th>
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<tbody>
<tr>
<td>Exam 1</td>
<td>1 - 7</td>
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<tr>
<td>Exam 2</td>
<td>8 - 13</td>
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<tr>
<td>Final Exam</td>
<td>14 – 19, 21</td>
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The exams will also consist of essay/problem-solving questions and will each be worth 100 points. No extra credit is given. Your course grade will be based upon your performance on the three examinations, the problem sets and on your group's oral presentation given in class accompanied by your paper. The oral presentation will be approximately 20 minutes in length, and will cover some topic in macroeconomics. It will take place during the last class meeting prior to the final, as noted on the outline. Your presentation may make use of Power Point, but will probably involve the use of graphs and/or macroeconomic models in investigating your topic. Your bibliography should include at least two books and at least three web sites.

Your course grade will be determined on the basis of the following weights:

- Highest two exam scores 25% each
- Lowest exam score 10%
- Oral Presentation/Paper 25%
- Problem Sets 15%
- Total 100%

The grading scale, which is subject to change, is as follows: 92-100 A; 89-91 AB; 81-88 B; 78-80 BC; 64-77 C; 58-63 D; and below 58 F.

The oral presentations will be group projects, with each group consisting of two to three students. Each member of the group will receive the same grade. In addition to making the oral presentation, each group will submit a 12 - 15 page typewritten paper on the topic they present. By the end of the second week of class, groups will have been determined. Topics could include, but are not limited to: economic models of growth; consumption's importance in the macroeconomy; the impact of the drop in the savings rate on capital accumulation; the many facets of investment spending, such as residential investment; public infrastructure spending's impact on the macroeconomy; the rational expectations revolution; the Fed, interest rates, and monetary policy; the economic impact of the budget deficit/surplus; and the macroeconomy of the 1990s versus that of the 2000s. Each project will make use of the quantitative and/or graphical approach employed by the topics covered in the course. These projects are expected to be more in-depth than projects
presented in Economics 225, Principles of Macroeconomics. Students pose a key macroeconomic question (hypothesis) to address. Students then provide an economic model to test their hypothesis. Data collection makes up the next phase in the process. Then students test the model with the data. Whereas in principles of economics courses, students use secondary source data, students in intermediate economics courses use primary source data and employ methodologies applicable to the field of economics. Finally, students communicate their results in a class presentation, followed by discussion with the class. Students also offer possibilities for future research of their topic. Topics must be approved by the instructor. Grades will be assigned on the basis of the thoroughness of the project.

Course Schedule:
Outline for the Course:

Jan. 24 - 26  Part One: Introduction and National Income Accounting
Introduction/Chapter 1
National Income Accounting/start Chapter 2

Jan. 31 – Feb. 2  National Income Accounting/finish Chapter 2
Part Two: Growth, Aggregate Supply and Demand, and Policy
Growth and Accumulation/Chapter 3

Feb. 7 - 9  Growth and Policy/Chapter 4
Aggregate Supply and Demand/Chapter 5
Assign Problem Set #1

Feb. 14 - 16  Aggregate Supply and the Phillips Curve/Chapter 6
Problem Set #1 due
Unemployment/Chapter 7

Feb. 21  EXAM 1

Feb 23  Inflation/Chapter 8

Feb. 28 – Mar. 2  Policy Preview/Chapter 9
Part Three: First Models
Income and Spending/Chapter 10
Money, Interest, and Income/start Chapter 11

Mar. 7 - 9  Money, Interest, and Income/finish Chapter 11
Monetary and Fiscal Policy/start Chapter 12
Assign Problem Set #2

Mar. 13 - 17  Spring Break – No Class

Mar. 21 - 23  Monetary and Fiscal Policy/finish Chapter 12
Problem Set #2 due
International Linkages/Chapter 13

Mar. 28  EXAM 2

Mar. 30  Part Four: Behavioral Foundations
Consumption and Saving/Chapter 14
Apr. 4 - 6  
Investment Spending/Chapter 15
The Demand for Money/start Chapter 16

Apr. 11 - 13  
The Demand for Money/finish Chapter 16
The Fed, Money, and Credit/start Chapter 17
Assign Problem Set #3

Apr. 18 - 20  
The Fed, Money, and Credit/finish Chapter 17
Policy/Chapter 18
Problem Set #3 due

Apr. 25 - 27  
Financial Markets and Asset Prices/Chapter 19
Part Five: Big Events, International Adjustments, and Advanced Topics
Recession and Depression/Chapter 21

May 2  
Oral Presentations

May 4  
Reading Day – No Class

May 5  
FINAL EXAM at 8 am

The instructor and the University reserve the right to modify, amend, or change the syllabus (course requirements, grading policy, etc.) as the curriculum and/or program require(s).

Students with documented disabilities who may need accommodations, or any student considering obtaining documentation should make an appointment with Ms. Martha Bledsoe, Director of Services for Students with Disabilities, no later than the first week of class. She can be reached by calling 262-524-7335 or contacting her via email at mbledsoe@carrollu.edu.

“The Carroll University Academic Integrity Policy is located in your student handbook (https://my.carroll.edu/ICS/Departments/Student_Affairs). I encourage you to familiarize yourself with it. If a student violates this policy in any way, I reserve the right to impose a sanction of failure on the assignment/assessment or failure in the course. If you have questions about appropriate citations, please ask.”