

Economics 3510-001
Macroeconomic Theory and Policy
Fall 2007

Instructor: Prof. Gregory Givens, MTSU, email: ggivens@mtsu.edu

Office: BAS N307

Time and Location: TR, 1:00-2:25 PM, BAS S274

Office Hours: by appointment

Course Website: <http://www.mtsu.edu/~ggivens>

Course Materials:

The required text for this course is *Macroeconomics* (sixth edition) by N. Gregory Mankiw. The web address provided by the publisher is <http://www.worthpublishers.com/mankiw>. Let me emphasize again that this is the *required* text for this course. Although I cannot literally force you to purchase the book, it is strongly recommended that you do so if you want to pass.

Subject Matter:

Economics 3510 is a comprehensive intermediate course in macroeconomic analysis designed to teach students the fundamentals of the macroeconomy and the analytic tools necessary to evaluate policy decisions. The course will cover a range of topics including the determinants of key macroeconomic variables such as output, prices, and interest rates, the sources of long-run economic growth, and the causes of short-run business cycle fluctuations. Much of the lecture time will be spent on the following two tasks: presentation of theoretical models used to explain the behavior of the macroeconomy and confrontation of these models with the actual data. In other words, how does the economy work and do our theories agree with what we see in the real world? The remainder of the lecture time will be devoted to solving problems that help illustrate the basic concepts and theories.

Course Evaluation:

Your grade for this course will be based on a weighted average of three exams and a series of problem sets to be completed outside of class. The subject matter is divided naturally into three broad topics. Each exam will cover material presented in that section only, although I do reserve the right to make any of the exams comprehensive. Each exam will constitute 25% of your final grade, and the problem sets together will be worth 25% of your final grade.

There will be no official attendance/participation component of the grade. If your grade is on the margin (C-/B+), my *perception* of your attendance record and classroom participation will be taken into account. On a similar note, office hours are designed to provide additional help to those students who are attending lectures and keeping up with the class material on a regular basis. Translation: If you are not going to class, I don't want to see you in my office.

$$\text{Final Avg.} = \text{Exam 1} \times 25\% + \text{Exam 2} \times 25\% + \text{Exam 3} \times 25\% + \text{Homework Avg.} \times 25\%$$

Academic Dishonesty:

The honor code is in effect at all times and especially during each exam. You are expected to complete your work in a manner consistent with the MTSU Honor Code.

Exam Policy:

All exams must be taken at the scheduled time and location. For those students who are absent due to a university sanctioned athletic event, hospitalized due to serious illness or injury, or otherwise have written permission from the Dean, I will simply redistribute the weight on the two remaining exams and the homework assignments (first exam - 35%, final exam - 35%, and homework average - 30%). Make-up examinations will not be given under any circumstance. If you miss an exam for any reason not specifically cited above, you will receive a score of zero, which will effectively doom your final average. All students must take at least one of the first two exams and the final exam in order to be eligible for a passing grade in the course.

Course Website:

The website for this course can be accessed at <http://www.mtsu.edu/~ggivens>. On this website you will find links to the course syllabus, lecture notes, in-class practice problems, homework assignments, and answer keys. The lecture notes are in the form of PowerPoint slides. It is a good idea to get into the habit of printing the lecture slides out before you come to class. Many of the slides contain questions that I will ask in class and give you the opportunity to answer. I will not be passing out copies of the slides in class since I presume that everyone has access to computers and printers.

Important Dates:

August 27	Classes begin
September 3	Labor Day Holiday (no classes)
October 13 - 16	Fall Break (no classes)
November 22 - 24	Thanksgiving Holidays (no classes)
December 5	Last day of classes
December 6	Study day (no classes)
December 13	Final Examination (1:00 - 3:00 PM)
December 15	Commencement

Course Outline and Tentative Lecture Plan:

Chapter 1	The Science of Macroeconomics
Chapter 2	The Data of Macroeconomics
Chapter 3	National Income: Where It Comes From and Where It Goes
Chapter 4	Money and Inflation
Chapter 5	The Open Economy
Chapter 6	Unemployment
Chapter 7	Economic Growth I: Capital Accumulation and Population Growth
Chapter 8	Economic Growth II: Technology, Empirics, and Policy
Chapter 9	Introduction to Economics Fluctuations
Chapter 10	Aggregate Demand I: Building the <i>IS-LM</i> Model
Chapter 11	Aggregate Demand II: Applying the <i>IS-LM</i> Model
Chapter 12	The Open Economy Revisited: The Mundell-Fleming Model
Chapter 13	Aggregate Supply