

# MACROECONOMIC THEORY

## ECON 3351

**Professor: Dr. André V. Mollick**

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Office Hours: Tuesdays to Thursdays: 11:00 am – 12 pm;

Wednesdays: 2 pm – 5 pm; and by appointment.

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Office: BA 124A

University of Texas-Pan American

Dept. of Economics & Finance

### COURSE DESCRIPTION AND GOALS

This course introduces macroeconomic analysis at an intermediate level. We will define and analyze macro variables and present them within an integrated analytical framework. We will discuss macro models which analyze the effects of monetary and fiscal policies on the economy. Although based on textbook lectures, students are encouraged to develop applicability of the theory to real world issues, as well as to keep track of ongoing developments in the U.S. economy. Issues to be covered include: interest rates, inflation and unemployment trends, long-run economic growth, the value of the U.S. dollar, and the current account deficit. For a description on how this course matches the Texas Higher Education Coordinating Board (THECB) exemplary objectives on social and behavioral sciences, please refer to: <http://www.coba.panam.edu/ecofina/theqb.html> For the Student Learning Outcomes of the Bachelor in Business Administration (BBA) or Bachelor of Arts (BA), Major in Economics, this course matches the competencies 3, 5, 6a, 6b, 6c, 6d, 8a, 8b, and 8c with exams and projects as assessment measures. Please refer to: <http://www.coba.panam.edu/ecofina/objective.html> for details. This course contributes to the following learning objectives of UTPA's COBA: critical-thinking and problem solving; professional attitudes; basic quantitative and analytical skills; written communication skills; global awareness; ethical decision-making; and functional area (Econ & Fina).

### PREREQUISITES

Principles of Economics I and II (ECON 2301 and ECON 2302) are prerequisites.

### TEACHING METHODS

This class will primarily be based on **lectures** by the professor. Reading assignments from the textbook, along with occasional homework problems and internet searches, will also be used to help students better understand the material. Students are expected to prepare for each class by reviewing their notes, working through assigned problems, and reading the assigned material. After each mid-term exam, the following session will include the exam's solution and discussion of the material. It is the student's responsibility to attend these sessions and to keep track of what (and why) you did wrong in the mid-term exam. **Please participate actively throughout the learning process.**

### REQUIRED READING MATERIAL

The **required reading material** for this course is: **Abel**, Andrew B., Ben S. **Bernanke** and Dean **Croushore**, *Macroeconomics*. Sixth Edition. Pearson, Addison Wesley. Boston: 2008. ISBN 0-321-41554-X. As additional material, students can select any macroeconomics textbook published in the last five years. *The Wall Street Journal* is recommended for U.S. economy developments.

### ACADEMIC MISCONDUCT

Students are expected to maintain the highest academic and professional standards of conduct. Any student found guilty of academic misconduct shall be subject to disciplinary actions. Academic misconduct includes, but is not limited to, cheating or assisting another student in cheating, plagiarism, unauthorized possession of course materials, and disrupting any teaching environment. See Section 5 in UTPA's *Handbook of Operating Procedures* ([www.panam.edu/hop/](http://www.panam.edu/hop/)).

## STUDENTS WITH DISABILITIES

Please contact the Office for Persons with Disabilities (ph: 316-7005) *immediately* for arrangements at the University Center, Room 322.

## PERFORMANCE MEASURES AND REWARDS

*Exams:* The 3 mid-term exams cover blocks of lectured material and the final exam covers the whole material. Since the mid-term exams act as checkpoints of the learning process, **you are strongly encouraged to take all mid-term exams**. See the chart below for the specific dates. The class grade is determined by a weighted average of the two highest score midterm examinations, and a final examination (cumulative). Students will thus be able to drop the lowest grade midterm examination from the three midterm examinations taken. **No make-up tests will be given**. The weights are as follows: midterm exams are assigned 30% each and the final exam is worth 40%.

*Homeworks:* Internet or special assignments will be assigned throughout the semester. These problems are designed to help students learn relevant material and will not be turned in for a grade.

*Reward Structure:* At the end of the semester, the weighted average of points will determine the grade as follows:

A 90 points or up	B 80 - 89 points	C 70 - 79 points
D 60 - 69 points	F 59 or fewer points	

There are gray areas when students are one or two points from the next highest grade. Students with strong attendance, who participate in a constructive manner, and who arrive to class on time will be given the benefit of the doubt in borderline grades.

*Drop Policies:* Institutional guidelines will be followed. This semester **November 12 (Thursday)** is the last day to drop (DR) a course or withdraw through the Office of the Registrar; please check the UTPA's calendar for details. Please submit the (blue) drop slip for the professor's signature if you wish to drop. If you do not do so and do not attend midterms and/or the final exam, a failing grade will be issued.

## ATTENDANCE, TARDINESS, AND BEHAVIORAL POLICIES

**You are expected to attend class. Moreover, you are expected to be in class on time and should stay for the entire duration of the class.** The professor reserves the right to take attendance; late students will be counted as absent. Illnesses that do not require the aid of a licensed physician, work, or car problems are not valid excuses to miss class. Moreover, tardy students and those who leave early are disruptive. Such students will lose the benefit of the doubt in case of borderline grades and will be counted as absent. Finally, when in class, please turn your cell-phones off. **Do not call or write the professor with requests**, such as: early disclosure of test grades or makeup exams. Use the office hours to address questions related to the learning process. You may request an appointment if the office hours do not fit into your schedule.

## ABOUT YOUR PROFESSOR

André V. Mollick obtained his Ph.D. and M. Sc. in Economics from the University of Tsukuba in Japan in 1996 and his B.A. in Economics from the University of Brasilia (UnB) in Brazil. Prior to joining UTPA in the Fall of 2004, he worked as faculty member at Monterrey's ITESM for four and a half years. After completing his graduate school education in Japan, he worked in the U.S. private sector: for the Bank of Tokyo-Mitsubishi in Miami and for Sony Corporation in NYC. For details of his career and publications, please refer to his webpage: <http://avmollick.googlepages.com/home>

## OUTLINE OF TOPICS

1. **Introduction**
2. **Long-Run Economic Performance**
3. **Business Cycles and Macroeconomic Policy**
4. **Macroeconomic Policy: Its Environment and Institutions**

Tentative Dates	Topics	Homeworks	Ref. to ABC (2008)
Sep 3	Intro. to Macro; The Measurement and Structure of the National Economy	Ch. 2: N # 7, # 8; W # 4	Chapters 1 & 2
Sep 10	Productivity, Output, and Employment	N # 4; W # 3	Chapter 3
Sep 17	Consumption, Saving, and Investment	N # 6; A # 1	Chapter 4
<b>Sep 24</b>	<b>Exam I</b>		<b>Chapters 1 to 4</b>
<b>Oct 1</b>	<b>Discussion of Exam I</b>		
Oct 1	Saving and Investment in the Open Economy	N # 3; A # 5abc	Chapter 5
Oct 8	Long-Run Economic Growth	N # 2, # 5	Chapter 6
	Business Cycles	W # 2	Chapter 8
Oct 15	The Asset Market, Money, and Prices	N # 2; W # 3	Chapter 7
<b>Oct 22</b>	<b>Exam II</b>		<b>Chapters 5 to 8</b>
<b>Oct 29</b>	<b>Discussion of Exam II</b>		
Oct 29	The IS-LM/AD-AS Model: A General Framework for Macro Analysis	N # 1, # 2; A # 1	Chapter 9
Nov 5	Unemployment and Inflation	N # 3	Chapter 12
Nov 12	Exchange Rates, Bus. Cycles, and Macro Policy in the Open Economy	W # 2	Chapter 13
<b>Nov 19</b>	<b>Exam III</b>		<b>Chapters 9, 12 and</b>
<b>Dec 3</b>	<b>Discussion of Exam III</b>		<b>13</b>
Dec 3	Monetary Policy and the Fed. Res. System	N # 3abc; A # 1	Chapter 14
<b>Dec 17</b>	<b>Final Exam (5:45 to 7:30 pm)</b>	<b>(confirm date)</b>	<b>All chaps. covered</b>

*Notes:* Lectures are based on **Abel, Blanchard and Croushore (ABC)'s 2008 textbook**. In the Homeworks column, N means Numerical Problems; A means Analytical Problems; and W means Working with Macro Data. Official holidays are: Thu, Fri, Nov. 26-27 (Thanksgiving); and Thu, Fri, Dec. 10-11 (Study Days).

### DISCLAIMER

This syllabus is tentative. Any changes will be announced in class, which is your responsibility to attend.