

INDIANA UNIVERSITY-PURDUE UNIVERSITY FORT WAYNE
COURSE SYLLABUS (SPRING 2010)

COURSE:	Intermediate Macroeconomic Theory ECON-E322-01, T&R 10:30-11:45 a.m., KT G52
INSTRUCTOR:	Dr. Nodir Adilov
OFFICE HOURS:	Tuesday and Thursday 11:50 a.m.-12:50 p.m. or by appointment Neff 340C 481-6497 adilovn@ipfw.edu
REQUIRED TEXTBOOK:	Gregory N. Mankiw, "Macroeconomics," Worth Publishers. (You may use either the 6 th (2006) or the 7 th (2009) edition of the book.) Textbook website: http://www.worthpublishers.com/mankiw7
OPTIONAL STUDY GUIDE:	Roger Kaufman, "Macroeconomics Study Guide and Workbook," Worth Publishers. (6 th or 7 th edition.)
ADDITIONAL READING MATERIALS:	Additional reading materials from journal and newspaper articles will be assigned and posted on E-learning/Blackboard Vista.

COURSE GOALS AND OBJECTIVES

This course studies how economy operates as a whole using the models of macroeconomic theory. The students will also learn how various macroeconomic policies affect the performance of the U.S. economy and how employment, price level and national output are determined.

After completing the course, the successful student will:

- 1) understand the underlying economic forces that drive economic growth and policy decisions;
- 2) have sufficient knowledge of the methods of macroeconomic economic analysis and be able to apply these methods to evaluate common economic arguments and policy decisions;
- 3) be able to explain how economic measures like unemployment, inflation, exchange rates, interest rates, and trade deficit affect economic performance in the short run and in the long run;
- 4) be able to use the core models of macroeconomics, including the Keynesian cross, the IS-LM model, the Solow growth model, and the Mundell-Fleming model of exchange rates;
- 5) understand the role of money, inflation, and interest rates for monetary and fiscal policy decisions.

EXPECTATIONS AND EVALUATION

There will be homework assignments, three exams and a paper. I expect that you will attend all classes and actively participate in class discussions. Please do not hesitate to ask questions in class and during my office hours. Remember: there are no bad questions!

Learning economics requires practice. Therefore, it is important that you do homework problems as they are assigned. Homework problems will be posted on e-learning one week prior to the due date. I will collect homework assignments randomly. There is a 50% probability that a homework assignment will be collected. You are expected to hand in your homework assignments in the beginning of the class on a due date. In case you cannot attend the class, you should make appropriate arrangements to turn in your homework in advance.

Your final grade will be determined as follows:

Attendance, class participation, and paper presentation	15%
Homework assignments	20%
Paper	15%
Exam 1	15%
Exam 2	15%
Final exam	20%

The following grading scale will be applied in this course for determination of the final grade:

A+	above 99%
A	94-98%
A-	90-93%
B+	88-89%
B	84-87%
B-	80-83%
C+	78-79%
C	74-77%
C-	70-73%
D+	65-69%
D	60-64%
D-	55-59%
F	below 55%

If you cannot attend an exam or a class for legitimate reasons, you must notify me in advance. I usually respond to e-mails within 24 hours (except during holidays and weekends). Make-up homework and exams will be given in rare occasions and only when the student is absent due to extraordinary circumstances beyond the student's control.

RESEARCH PAPER

For your research paper, you may examine any domestic or international macroeconomic issue. A list of sample topics is attached to this syllabus but I encourage you to develop your own topic. The length of your paper should be around 8 pages (10 pages maximum), and the paper should utilize macroeconomic concepts and tools studied in this course. The timetable for paper submission is as follows:

- **February 2:** submit a paper topic and a half-page abstract that explains the topic of your paper.
- **April 22:** completed paper is due.

You are required to make a 10-minute presentation of your paper in class during the last two weeks of classes. Students who have similar paper topics may present their papers as a group (group presentation) instead of presenting their papers individually.

EXTRA CREDIT

A student who presents his or her paper at the IPFW Student Research and Creative Endeavor Symposium in April will receive extra credit. Detailed symposium information will be provided to you in February. There are no other extra credit opportunities in this class.

OTHER POLICIES

Students are expected to be familiar with and adhere to the university policies with regard to academic dishonesty. These policies can be found on <http://www.ipfw.edu/academics/regulations/honesty.shtml>.

If you have a disability and need assistance, special arrangements can be made to accommodate most needs. Contact the Director of Services for Students with Disabilities (Walb, room 113, telephone number 481-6658), as soon as possible to work out the details. Once the Director has provided you with a letter attesting to your needs for modification, bring the letter to me. For more information, please visit the web site for SSD at <http://www.ipfw.edu/ssd/>.

NOTE: These policies and course outline are subject to change at the instructor's discretion.

COURSE OUTLINE AND TENTATIVE TIMETABLE FOR COVERAGE OF MATERIAL

- 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
- February 2:** Paper topic and abstract are due
- Chapter 5: The Open Economy
- February 18:** First Exam (Chapters 1-5)
- Chapter 6: Unemployment
- Chapter 7: Economic Growth I: Capital Accumulation and Population Growth
- Chapter 8: Economic Growth II: Technology, Empirics and Policy (Selective coverage)
- Chapter 9: Introduction to Economic Fluctuations
- Chapter 10: Aggregate Demand I
- Chapter 11: Aggregate Demand II
- April 8:** Second Exam (Chapters 6-11)
- Chapter 12: The Open Economy Revisited
- Chapter 13: Aggregate Supply and the Short-Run Tradeoff Between Inflation and Unemployment (Selective coverage: Phillips Curve)
- Chapter 15: Stabilization Policy
- April 22:** Course paper is due
- Chapter 16: Government Debt
- April 22 - May 29:** Paper presentations
- Final Exam: (semi-cumulative):** May 4, 10:30 a.m.-12:30 p.m.

RESEARCH PAPER GUIDELINES

A. Topic

For your research paper you may examine any domestic or international *macroeconomic* issue. I encourage you to come up with your own topic. If you have difficulty coming up with a paper topic, you may select it from the list of topics. Try to select a topic that genuinely interests you because you don't want to be bored writing the paper.

B. General Outline

Your completed paper should have the following items and sections:

Title

Author (you)

I. Significance of the Problem (around 0.5-1 page)

This section should explain the significance of the issue you are studying. Why should we (or the government of X) care?

II. Analysis (6-7 pages)

In this section, you should analyze the issue you are interested in using the tools (models) and concepts learned in E322. Did anyone else study this or similar issue before? What are their main findings? How do your analysis/findings differ from or coincide with the findings of others? Be sure to use data or some other evidence to support your arguments. If you are studying some policy issue, what policy recommendations would you make and why? Make sure that your recommendations and findings are consistent with your evidence.

III. Conclusion (0.5-1 page)

Summarize your findings. You need to convince the reader that you addressed the issue you wanted to study and that you have important findings/recommendations. Make sure that your conclusions are consistent with your analysis.

IV. References

Cite your sources in alphabetical order. Use at least five *primary* sources. Do not forget to cite the sources for your data. When citing references, please use *Author(Date)* citation style commonly used in economics papers.

Sample citation for journal articles:

Aigner, D.J., C.A. Lovell and P. Schmidt (1977). "Formulation and Estimation of Stochastic Frontier Production Function Models." *Journal of Econometrics* 6(2): 21-38.

Sample citation for books:

Pindyck, R. (1990). *The Structure of World Energy Demand*. Cambridge: MIT Press. pp. 36-38.

C. Format

Your paper should be typed using font 12, double-spaced. The length of your paper should be around 8 pages. Try not to exceed 10 pages. Label, name and number all your graphs and tables.

D. Other Suggestions

Please feel free to ask questions about any part of your project. If in doubt, use common sense. Do not plagiarize. The university policies with regard to academic dishonesty can be found on <http://www.ipfw.edu/academics/regulations/honesty.shtml>.

You can obtain most US data from the following websites:

- the Bureau of Economic Analysis (www.bea.gov)
- the Bureau of Labor Statistics (www.bls.gov)
- the Federal Reserve (www.federalreserve.gov)

You can obtain most international data from the following websites:

- International Monetary Fund (www.imf.org)
- the World Bank (www.worldbank.org)

E. Grading

The following are the main criteria that will be used to grade your paper:

Clarity and Organization (30%)	Does the student clearly state her/his research question and motivate the topic? Are arguments and conclusions clearly stated? How well does the student communicate her/his ideas? Do paragraphs and sections flow well together? Is the paper well organized?
Analysis (50%)	How well does the student understand the topic? Does the student understand the main issues involved? Does the student utilize concepts, models, and analytical techniques studied in the class? Does the student use relevant data in her/his analysis? Are arguments and conclusions supported by the evidence presented? Does the student present <i>her/his own analysis</i> or interpretations?
Other (20%)	Are all sources properly cited? Does the student use variety of sources? Are tables and figures properly labeled? Are there many spelling or grammar errors?

Note: Failure to submit your paper topic or completed paper on time will reduce your paper grade.

F. SAMPLE LIST OF PAPER TOPICS

1. Macroeconomic effects of the recent downturn in the housing market.
2. Did recent improvements in worker productivity increase wages?
3. The effects of outsourcing on the U.S. economy.
4. The value of the dollar and performance of the U.S. economy.
5. Did euro improve economic performance in European Union?
6. The effects of recent oil price changes on the U.S. economy.
7. Unemployment and economic growth (Okun's law).
8. Economic growth and income inequality.
9. Fiscal and monetary policy under liquidity trap.
10. Is the Fed responsible for sub-prime market financial crisis?
11. Do tax cuts help the economy in the long run?
12. Macroeconomic effects of immigration.
13. Short-run and long-run implications of budget deficits.
14. Interest rates and economic growth.
15. Taxes and economic growth.
16. Investment and economic growth.
17. Savings rate and economic growth.
18. Technology and economic growth.
19. Human capital and its effects on the economy.
20. The Iraq War and its macroeconomic implications.
21. Stock market and economic performance.
22. The Phillips curve: The relationship between unemployment and inflation.
23. Should the Fed follow the Taylor rule when targeting interest rates?
24. The role of consumer expectations in economic policy.
25. Gold standard versus the fiat money currency system.
26. Does the U.S. social security system need fixing?
27. The relationship between fiscal and monetary policies.
28. The Great Depression.
29. What causes recessions?
30. Foreign trade, exchange rates, and economic growth.
31. Should credit default swaps be regulated?
32. Housing bubble: causes and prevention.
33. Asset price bubbles and their macroeconomic implications.