

ECO 511/590
MW 3:10 – 4:25 PM

Fall 2009
SN 121

Macroeconomic Theory/Advanced Macroeconomics

Professor Adrienne Kearney
Office: 225 Stevens Hall
Hours: Mon. 4:30-5:30 PM
Fri. 2:15 – 3:15 PM & by Appointment

Email: First Class
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Course Description

Macroeconomics is about the U.S. economy in the context of world environment. This course which is very analytical and applied has two parts. Part I: After reviewing how national output, saving, the budget deficit, wealth, the trade balance and inflation are measured, the following are investigated and/or derived: labor market equilibrium, factors that affect desired saving and consumption, firms' investment expenditures, equilibrium in the goods market and the money market. Part II: The second half of the course focuses on the short-run and what factors—both domestic and international—give rise to fluctuations in the domestic price level, output/employment and interest rates. The analytical framework will be based upon the IS/LM/AD-AS model which will then be employed to examine how policymakers in our government and our Federal Reserve (the “Fed”) can counteract these fluctuations to restore full employment and price level stability. This part of the course also includes globalization and its impact on policy effectiveness.

Course Materials

Required:

1. One of the following: (1) New text: Andrew B. Abel and Ben S. Bernanke, Dean Croushore, Macroeconomics, 6th edition, Pearson, Addison-Wesley Publishing Co., 2008, which includes myeconlab; (2) myeconlab (not returnable) which includes the 6th edition ebook; or used copy of the 6th edition (does not include myeconlab).
2. **Subscription to the *Wall Street Journal*** for 15 weeks (\$34.95). I will pass around a signup sheet and will fax; you will receive both the hard copy and web version within about one week. You can also sign up online: WSJstudent.com. To obtain the **discount**, indicate Professor Adrienne Kearney, University of Maine, Zip Code: 04469, referred you to the web site.
3. **First Class:** You will need a first class account. I make use of technology as much as possible and will often communicate with you via first class. Check the class conference frequently. Our class conference is ECO 511 which will be placed on your desktop the first week of classes. You will be able to email one another in this conference—please use the ***Student Chat Room*** folder within the conference.

WELCOME TO ECO 511, MACROECONOMIC THEORY/ADVANCED MACRO!

The following tips will help you succeed in this course and make the class more enjoyable and useful:

1. **Prepare for class.** It is imperative that you come to class and that you prepare beforehand. Skim the assigned reading *before* coming to class; reread it thoroughly afterward. The readings are essential for keeping up with the rest of the class. From time to time, I will be bringing in new material and examples not in the text. Do not memorize, try to understand. For the most part, *exams are based on material covered in class. You are also responsible for any readings that are assigned but not covered in class.*

2. **Keep up with current economic news.** You are expected to read the *Wall Street Journal* every day. Economic statistics and current economic events are reported almost on a daily basis in the WSJ, e.g. the growth in total output over the last quarter or the number of new jobs created last month. We will use our tools of analysis to understand the economic implications of current events and I will include questions relevant to the news on exams. (See “What to look for in the WSJ”, attached.)

3. **RULES AND REGULATIONS:**
 - Come to class on time and leave on time.
 - *Take care of your personal needs before the class begins.* It is impolite and disruptive to leave the classroom and return to your seat while the class is in session.
 - Don't leave early. If you have to leave early, sit by the door and leave quietly.
 - Do not pack up until the lecture is over.
 - Raise your hand. This gives everyone a chance to contribute.
 - Be polite and respectful to your classmates: no talking during class.
 - Turn off your cell phone!
 - Laptop Users: please sit in the back row behind your classmates.

4. **Academic dishonesty** will not be tolerated. Dishonesty includes, but is not limited to, cheating, plagiarizing, or submitting the work of another person. In other words, you are expected to do your own work on assignments and exams. For more information, please refer to “Academic Honesty and Dishonesty”, Office of Student Affairs.

5. **Disability Access Policy.** If you need course adaptations or accommodations because of a disability, please contact Ann Smith, Director of Disability Services (East Annex, 581-2319), as early as possible in the semester. Please notify me one week before each exam of your arrangements.

ASSIGNMENTS/EXAMS & GRADES*

1. **Assignments:** From time to time, I will assign problems in myeconlab for those of you who would like some additional practice. Experience has shown students do better when they do these problems even though they will not be collected.
2. **Exams:** There will be 2 exams, a midterm and a final.
3. **Grades:** The midterm counts as one score, while the final counts as 2 scores. Your final grade will be based on two of your highest test scores; your lowest score will be dropped. Therefore, if you do poorly on the midterm or you are unable to take the midterm, the midterm grade will not count. No makeup will be given for the midterm.
Note: *Final grades are not negotiated.*
4. **Makeup exam (oral) and conflict exam policy:** Makeup exams are not given automatically. Makeup exams will be given only if you (1) notify me before the final exam, and (2) provide adequate documentation that certifies an extraordinary circumstance beyond your control prevented you from taking the exam. Otherwise, you will receive a zero; no exceptions!

*This format may change. Stay tuned.

NOTES:

- *Instructor reserves the right to revise the syllabus*
- *In the event of disruption of normal classroom activities due to an H1N1 swine flu outbreak, the format for this course may be modified to enable completion of the course. In*

READING ASSIGNMENTS

PART I

Chapter 2: The Measurement and Structure of the National Economy

Chapter 3: Productivity, Output, and Employment

Chapter 4: Consumption, Saving, Investment & Appendix A to middle of Page 170

Chapter 5: Saving & Investment in an Open Economy

Chapter 7: The Asset Market, Money & Prices

PART II

Chapter 8: Business Cycles

Chapter 9: The IS-LM/AD-AS Model, A General Framework for Macro Analysis

Chapter 10: Classical Business Cycle Analysis

Chapter 11: Keynesianism

Chapter 12: Unemployment & Inflation

Chapter 13: Exchange Rates, Business Cycles & Macroeconomic Policy in an Open Economy

Chapter 14: Monetary Policy & the Federal Reserve System

Chapter 15: Government Spending & Its Financing