



**Eco 511**  
**Macroeconomic Theory**

**James H. Breece**  
**Fall 2015**

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**Office:** 220 Stevens Hall  
**Office Hours:** 10:30 – 12:00 T&TH  
and by appointment

**Phone:** 581-1862  
**Email:** Breece@maine.edu  
**FirstClass:** James Breece

**Textbook (required):** Dornbusch, Fischer, Startz, *Macroeconomics*, 11<sup>th</sup> or 12<sup>th</sup> Edition, 2011, McGraw-Hill

**Readings (required):** *The Wall Street Journal*; enroll at [WSJ.com/studentoffer](http://WSJ.com/studentoffer)

**Additional Readings:**

- (1) Laurence H. Meyer, *Macroeconomics: A Model Building Approach*  
[Located on FirstClass]
- (2) Alpha C. Chiang, *Fundamental Methods of Mathematical Economics*  
[Acquire yourself]

**FirstClass:** a course conference has been automatically added to your desktop. Announcements and course materials will be posted in the course conference throughout the semester.

**Course Requirements:** Students must take all three exams and complete all required homework assignments. Each exam is worth one-third of the course grade. There will be plus-minus grading.

Exam 1..... October 1, 2015  
Exam 2 ..... November 10, 2015  
Final Exam (cumulative) ..... Finals week

**Missed Exams:** are counted as zero. Students wishing to have the privilege of taking a make-up exam must notify me **prior** to the scheduled exam date. Attendance of the classes is the student's responsibility and any cheating during the exams and homework assignments will result in automatic failure of the assignment.

**Course Description:** An examination of the development of modern economic analysis with regard to employment, income distribution, and stabilization policies.

**Objectives and Learning Outcomes:** The purpose of this course is to integrate macroeconomic theory and real world phenomena through a model building approach. Both **qualitative** and **quantitative** skills will be used in class along with a strong emphasis on economic **causality**. Upon completion of this course, students will have an understanding of modern macroeconomic theory and its

application to policy, including the determination of national income, unemployment, and inflation; problems of macroeconomic management; fiscal and monetary policy and their limitations; and computer assisted policy simulations and forecasting. Students' understanding of these concepts and issues will have been displayed through their learned analytical skills (modeling and graphics) and narrative explanations as demonstrated by completion of the course requirements.

## Course Outline and Reading List

### Part 1: Overview of Macroeconomics

- Dornbusch, Fischer, Startz ..... Chapters 1, 2

### Part 2: Economic Growth

- Dornbusch, Fischer, Startz ..... Chapters 3, 4

### Part 3: Introduction of Mathematical Economics

- Chiang ..... Chapters 6, 7, 8
- Meyer ..... Chapter 1

### Part 4: Fundamental Economic Relationships

- Meyer ..... Chapter 4

### Part 5: Model Building

#### (1) Comparative Statistic Analysis

- Dornbusch, Fischer, Startz ..... Chapters 5, 6, 7, 8

#### (2) Model Extensions

- Dornbusch, Fischer, Startz ..... Chapters 9, 10, 11

### Part 6: Dynamic Analysis

- Chiang ..... Chapters 16, 17
- Fairmodel ..... Fairmodel\*\*

### Part 7: Re-examination of Essential Sectors

#### (1) Consumption: Dornbusch, Fischer, Startz ..... Chapter 13

#### (2) Investment: Dornbusch, Fischer, Startz ..... Chapter 14

#### (3) Money: Dornbusch, Fischer, Startz ..... Chapters 15, 16, 17, 18

\*\* Fairmodel is located on the Web at the following address:

[fairmodel.econ.yale.edu/mmm2.htm](http://fairmodel.econ.yale.edu/mmm2.htm) The associated workbook can be accessed at: [fairmodel.econ.yale.edu/wrkbook/yaewrk.pdf](http://fairmodel.econ.yale.edu/wrkbook/yaewrk.pdf)

## University of Maine Policy Statements

- 1) **Academic Honesty Statement:** Academic honesty is very important. It is dishonest to cheat on exams, to copy term papers, to submit papers written by another person, to fake experimental results, or to copy or reword parts of books or articles into your own papers without appropriately citing the source. Students committing or aiding in any of these violations may be given failing grades for an assignment or for an entire course, at the discretion of the instructor. In addition to any academic action taken by an instructor, these violations are also subject to action under the University of Maine Student Conduct Code. The maximum possible sanction under the student conduct code is dismissal from the University.
- 2) **Students with disabilities statement:** If you have a disability for which you may be requesting an accommodation, please contact Disabilities Services, 121 East Annex, 581-2319, as early as possible in the term.
- 3) **Course Schedule Disclaimer (Disruption Clause):** In the event of an extended disruption of normal classroom activities, the format for this course may be modified to enable its completion within its programmed time frame. In that event, you will be provided an addendum to the syllabus that will supersede this version.
- 4) **Sexual Discrimination Reporting**  
The University of Maine is committed to making campus a safe place for students. Because of this commitment, if you tell a teacher about an experience of **sexual assault, sexual harassment, stalking, relationship abuse (dating violence and domestic violence), sexual misconduct or any form of gender discrimination** involving members of the campus, **your teacher is required to report** this information to the campus Office of Sexual Assault & Violence Prevention or the Office of Equal Opportunity.

**If you want to talk in confidence** to someone about an experience of sexual discrimination, please contact these resources:

For *confidential resources on campus*: **Counseling Center: 207-581-1392** or **Cutler Health Center: at 207-581-4000**.

For *confidential resources off campus*: **Rape Response Services: 1-800-310-0000** or **Spruce Run: 1-800-863-9909**.

**Other resources:** The resources listed below can offer support but may have to report the incident to others who can help:

For *support services on campus*: **Office of Sexual Assault & Violence Prevention: 207-581-1406**, **Office of Community Standards: 207-581-1409**, **University of Maine Police: 207-581-4040 or 911**. Or see the OSAVP website for a complete list of services at <http://www.umaine.edu/osavp/>