

APPLIED MACROECONOMIC (ECO-3201)
(Fall Semester, 2000)

Professor: Dr. Manuel Madrid-Aris
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Office Hours: T-TR: 18:20-19:30

Class Hours: T-TH: 17:00-18:15
Class Room: MM1-110

1.0 PURPOSE AND OBJECTIVES OF THE COURSE

Macroeconomics is the study of the behavior of the economy as a whole. The main topics covered in macroeconomics are the determinants of national income, prices, inflation, productivity, production, employment, exchange rate, the role of fiscal and monetary policy, among others.

The course is designed to introduce students to the basic concepts, and models used in macroeconomics theory and its applications to forecasting, policy analysis and empirical testing. We will also concentrate on studying the foundations (assumptions) of the models and its applications, especially on current issues related with business economics and transition economies. The purpose of this course is the following:

- To familiarize the student with the main concepts which are part of macroeconomic theory.
- To familiarize the student with a variety of analytical and quantitative tools for macroeconomic forecasting and policy analysis.
- To introduce to the students the main macroeconomic indicators (CPI, GDP, etc) and sources of macroeconomic data.
- The course will help students to understand and to think critically about different macroeconomic issues.

2.0 COURSE PREREQUISITE:

The prerequisites of this course are principles of macroeconomics and microeconomics. Some knowledge of calculus is highly desirable.

TEXTBOOKS AND READING MATERIAL

Required Texts

Abel, Andrew and Bernanke, Ben. *Macroeconomics*. New York: Addison-Wesley Publishing Company, 1998. The Study Guide is required.

Recommended:

For students with/without background in economics, it is highly recommended to buy a Dictionary in Economics. Any of the following three dictionaries are recommended

- Graham, Bannock, R. Baxter and Evan Davis. *The Penguin Dictionary of Economics*, New York: Penguin Books, 1992. (It can be purchase or order in Barnes and Nobles).
- John, Black. *A Dictionary of Economics*. New York: Oxford University Press, 1997.
- Pearce, David. *The MIT Dictionary of Modern Economics*. Cambridge: The MIT Press, 1997.

For additional readings the following books are recommended (not required):

Barro, Mankiw. *Getting It Right: Markets and Choices in a Free Society*. Cambridge: The MIT Press, 1997.

Mankiw, Gregory. *Principles of Macroeconomics*. The Dryden Press, 1998 (Introductory Level).

Sacks Jeffrey and Felipe Larrain. *Macroeconomics in the Global Economy*. New Jersey: Prentice Hall, Englewood Cliffs, 1993. (Intermediate Level).

3.0 OTHER MATERIAL AND ECONOMIC DATABASES

a) It is highly recommended to read:

- The New York Times
- The Economist
- The Wall Street Journal
- Economics Report of the President – President Council of Economic Adviser (US Government Printing Office, Washington D.C. 20402).

b) Some sources for economic (macroeconomic) data are:

- Bureau of Labor Statistics (www.bls.gov) (BLS). The BLS has an icon called "The Economy at Glance". This is a good way to get used to BLS economic data.
 - Survey of Current Business (national accounts data) – BEA Monthly Publication
 - Bureau of Economic Analysis - US Department of Commerce (www.bea.doc.gov) (BEA).
 - Survey Research Center – University of Michigan – Index of Consumer Sentiment and Survey of Consumer Attitudes
 - Federal Reserve Board: – Federal fund rates and money statistics (www.bog.frb.fed.us)
- National Technical Information Center: Federal Reserve Board data in electronic format (www.ntis.gov).

c) Some sources about macroeconomic forecasting data.

DRI

WEFA (domestic and international)

MACROECONOMIC ADVISORS

Blue Chip Survey

The NABE (National Association of Business Economist)

The Livingston Survey, and Professional Forecasters (Federal Reserve Bank-Philadelphia)

4.0 CLASS GRADING

The final grade will be calculated as follows:

Class participation: 20%

Homework: 30%

Mid-term: 25%

Final: 25%

No late homework will be accepted. The Final Exam will cover material only material from chapters 9 to 16.

The Grading Scale will be as follow:

A : 91-100

A- = 86-90

B+: 82-85

B = 78-81

B- = 75-77

C+: 72-74

C = 69-71

C- = 66-68

D : 55-65

F : less than 55

5.0 TENTATIVE CLASS SCHEDULE:

Each Chapter listed below should be read before class. Students should know the material before coming to class.

DATE	TOPIC	CHAPTERS	NOTES
August 28-Sept	Introduction to Macro	Chapter 1	
Sept 4-Sept 10	The Measurement and Structure of National Economy	Chapter 2	
Sept 11-Sept17	Productivity, Output, and Employment	Chapter 3	Homework 1
Sept 18-Sept24	Consumption, Saving and Investment	Chapter 4	
Sept 25-Oct1	Saving and Investment in a Open Economy	Chapter 5	
Oct 2-Oct8	Long-run Economic Growth	Chapter 6	Homework 2
Oct 10		MIDTERM	
Oct 12	The Asset Market, Money and Prices	Chapter 7	
Oct 16-Oct22	Business Cycles	Chapter 9	
Oct 23-Oct29	Classical Business Cycles	Chapter 10	
Oct 30-Nov5	Keynesianism	Chapter 11 - 12	
Nov 6-Nov12	Unemployment and inflation	Chapter 13	
Nov 13-Nov19	Exchange Rate, Business Cycles and Macroeconomic Policy	Chapter 14	Homework 3
Nov 20-Nov26	Monetary Policy and Federal Reserve	Chapter 15	Thanksgiving
Nov 27-Dic3	Government Spending and its Financing	Chapter 16	
Dic 4-Dic9	REVIEW	Review	
Dic 9-Dic15	FINAL EXAMS PERIOD		