

Economics 576.01W
Macroeconomics for Managers
Summer I, 2020
(6/01/2020 – 7/02/2020)
Syllabus--Preliminary

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ABOUT THE COURSE –

CATALOG DESCRIPTION: This course provides a broad overview of macroeconomic theory and policy. The major focus is on understanding fluctuations in the levels of aggregate income, employment, prices, and production in a global environment. While individual managers and firms have no control over aggregate economic performance, they are very much impacted by macro forces. The effective manager recognizes and understands these forces and is thus better able to operate effectively in the ever changing market environment.

GENERAL FOCUS: Macroeconomics deals with the **aggregate** level of economic activity. Macroeconomics for Managers focuses on several central questions:

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| 1) What can we (reasonably) expect of the macroeconomy? | <i>[establishing priorities]</i> |
| 2) How do we evaluate performance on the macro level? | <i>[measuring and assessing]</i> |
| 3) What makes the economy tick (or fail to tick)? | <i>[income determination theory]</i> |
| 4) What happens when the macroeconomy fails to perform up to par? | <i>[business cycle theory]</i> |
| 5) Can we/how can we make the economy tick more smoothly? | <i>[macro policy]</i> |

REQUIRED TEXT: There is not a required text. Required materials will be posted in the course website or else a link will be provided. For background and review purposes, **if needed**, I recommend a basic Macroeconomics Principles text such as McConnell, McConnell-Brue, or McConnell-Brue-Flynn. (It's a McGraw-Hill text. There are now about 20 editions of the text and the particular edition you consult is not important.)

Nature of the Course/Material

Keep in mind that Economics 576 is a graduate level course in aggregate economics. A course in Macroeconomic Principles is a prerequisite for Economics 576. Please note that the concept of "prerequisite" is not about a check mark—it has to do with one's background regarding preparedness to handle the material. Consequently you should have a general familiarity with and understanding of the basic terminology and tools of macroeconomic analysis before you start this course. Inasmuch as summer sessions are short and go fast, it is important that you not start the course already behind. In case you have not taken any economics in several years, or if your course in macroeconomics was an institutional/non-analytical course, you may wish to check a principles text and/or course outline to update yourself on what is included in a macro principles course. Additionally, since macroeconomics is about relationships between different

variables and responses to autonomous changes, shocks and/or policy changes in the economy, we will spend some time on multipliers. Multipliers are about numbers. Consequently, we will use some very elementary algebra to analyze the concept. This will not be more advanced than a high school, first level course in algebra. And while you will not be required to solve algebra problems, you will need to be able to follow and understand material that is low-level algebra based. If you are uncomfortable with the idea that the course will involve some elementary algebra, you may want to review a bit before the course begins.

What to Expect From a Summer Online Class

Summer sessions are compressed and go very fast. That means that it is critical that you read materials and do assignments when assigned. A person who hopes to do well in a summer class can ill afford to fall behind. **Mark assignments and exam dates on your calendar as soon as they are announced. “Forgetting,” being “out of town” and/or “confused” about the time that an assignment is due or that a test must be taken is not an acceptable excuse for missing it.** Considering that a normal face-to-face, three semester hour course involves approximately 45 **contact** (in class) hours, that translates to nine hours per week for a five week summer session—and that is without allowing any time for writing papers, reading assignments, studying for exams, etc. If you do not have sufficient time to devote to the class each week, you probably should rethink taking this class in a summer, online format. **Keep in mind that Economics 576 is a graduate level economics course, and the performance requirements will be commensurate with same.**

Webinars/Online Sessions: An online session (YouSeeU) is scheduled for each Tuesday and Thursday from 6:30 pm to 8:30 pm, CDT. **It is strongly recommended that you participate in these sessions if at all possible.** However, in case you are unable to participate at the scheduled time, the sessions are recorded and you can watch/listen at any time after it is completed. **In case you do miss a webinar, it is important that you access the recorded session as soon afterward as possible—sooner is preferable to later.** The purpose of the online sessions is to provide perspective relative to the material, to focus on and emphasize major topics and concepts, and to answer questions on the material. Failing to attend and/or access the webinars does not absolve you of the responsibility to understand the material and/or keep up with assignments.

Assignments—Assignments will be announced/assigned in the “Week-by-Week” section at the course D2L website. **Check that column regularly for reading/study assignments** as well as any assignments required to be submitted. Additionally, that is where you will find items such as suggestions for study, recommended special interest readings, and reminders of upcoming deadlines. Inasmuch as most assigned readings will relate to materials included in D2L Content, you will find that checking the “Week-by-Week” column regularly will be the easiest and best way of making sure that you are keeping up and that you don’t miss an assignment or deadline.

COURSE GRADE:

Components-- There will be three components to your course grade—depending on whether you opt to write a term paper. First, there will be **one exam**. That 100 point exam will be comprehensive, covering material from the entirety of the course, and will come during the final week of the term. That exam will constitute one-third of your semester grade.

Second, there will a 100 point required **project** in the course. The topic/subject of that project will be discussed and assigned during the second week of the session and you will then have approximately two weeks to complete and submit. That project will constitute one-third of your course grade.

Third, there will be a **term paper** in the course. The term paper must relate to macroeconomic theory and policy (You may wish to consult list of possible topics), should be approximately 10-15 pages in length, and should be well organized, written, edited, and documented. **Term papers are due no later than noon, Friday, June 26, 2020.** For specifics, including topic suggestions and requirements/expectations, see About Term Papers

My “Negative” Notes: I do not like to hear graduate students whine. (It makes me crazy.) I prefer to see my students perform. “Need” is not a factor in determining course grades, so please do not call or e-mail me telling me how much you need to make a certain grade. Grades are to be earned, not gifted.

Re: Late work – All assignments (including projects and term paper) and exams must be submitted no later than the date specified in the syllabus, assignment document and/or eCollege course home. Mark assignments and exam dates on your calendar as soon as they are announced. Unless extenuating circumstances arise, late work will not be accepted. Please note that “extenuating circumstances” do NOT cover forgetting, being “confused” about the deadline, having technical difficulties, needing “extra” time because of assignments/exams in other classes, or otherwise “running out of time.” The evaluation of extenuating circumstance is judged on a case-by-case basis. Document must be provided in a timely manner. Your failure to plan does not constitute an extenuating circumstance.

Macroeconomic Theory & Policy

Rough Outline of Course

- I. Introduction
 - A. What is macro? (beyond memorizing definitions)
 - B. Why macro?
 - C. Thinking macro
 - D. Rational (macroeconomic) Policy Making
- II. Measuring and Assessing at the Aggregate Level—Macro Metrics
 - A. What to measure at the macro level
 - B. How to measure (aggregate performance metrics—finding, interpreting and using data)
- III. Building a (Keynesian-type) Macro Model
 - A. History and perspective re: Keynes, Keynes v Classical Economics)
 - B. Equilibrium at the macro level (comparative statics)
 - C. Demand and Supply concepts (at macro/aggregate v micro level)
 - D. Analyzing spending sectors, spending components
 - E. Models and Multipliers—building from ground up
 - i. Two sector equilibrium—equilibrium conditions plus adjustment forces and processes. Developing the notion of an investment multiplier)

- ii. Three sector equilibrium
 - iii. Four sector equilibrium
 - iv. Tweaking the models—some “what ifs”
- IV. Essentials of fiscal policy—introduction—tools, formulation and implementation.
- V. Essentials of monetary policy—introduction, the Fed, tools, targets, formulation and implementation

Project—grading the economy’s performance

- i. the quantity theory and monetarism
 - ii. New Keynesian economics (and economists)
 - iii. New Classical models
 - iv. New Keynesian v New Classical
- VII. Wrapping it up—relevance of macroeconomics for the micro decision maker

Tentative Outline/Schedule – Assignments and Materials

Week 1 (June 1 – June 6)	<p>Introducing Macroeconomics</p> <p>Primary Reading:</p> <ul style="list-style-type: none"> Thinking Macro (Doc Sharing) Why Macro? (Doc Sharing) Rational Policy Making (Doc Sharing) Other readings as assigned (Course Home) <p>Online sessions: June 2, June 4 -- 6:30 p.m.</p>
Week 2 (June 8 – June 13)	<p>Macroeconomics- Data, Measuring and Assessing Macro Performance (metrics)</p> <p>Macro models introduced (Equilibrium income & multipliers intro)</p> <p>Aggregate Demand – Aggregate Supply</p> <p>Other materials as assigned</p> <p>Online sessions –June 9, June 11-- 6:30 p.m.</p>
Week 3 (June 15 – June 20)	<p>Simple Keynesian Model</p> <p>Equilibrium income & multipliers contd.</p> <p>Online sessions – June 16, June 18. 6:30 p.m.</p>

Week 4 (June 22 – June 27)

Expanding the Macro Model
Focus on Macro Policy Formulation
and Implementation
Money, the Fed and Monetary Policy
Online sessions – June 23, June 25. 6:30 p.m.
Term Paper due: June 26

Week 5 (June 29 – July 2)

Full macro model applied; expanding and tweaking
the basic model; critique/limitations of model;
alternative views of the macroeconomy
Online session: July 2, 6:30 p.m.
Exam – July 1 – 2

HINTS FOR MAKING A GOOD GRADE IN THIS COURSE

1. Note the prerequisite requirements. If you do not have the background for the course you are unlikely to do well. If you are a “I don’t do well in economics” student, and don’t have an adequate background in macro, you should be prepared to devote some time to getting up to speed—and then mastering the required material.
2. Check the “Week-by-Week” weekly assignments schedule regularly to make sure that you are staying abreast of assigned readings and required work.
3. Attend the online sessions regularly—come prepared, ask questions if you do not understand the material and/or assignments, stay alert and take good notes. It helps neither of us for you to do poorly on an exam and then tell me that you didn’t understand the material.
4. When you don’t understand material, ASK QUESTIONS—either by email, phone, or even make an appointment to come by my office. As soon as you realize that you are having problems in the course, contact me then.
5. Take advantage of any and all bonus opportunities.
6. Read and study materials when assigned. Falling behind in this class can be fatal (grade-wise, of course). Additionally, class lessons/lectures make more sense if you come to class prepared.
7. Turn in all projects and take exams on time—and in proper form.
8. All assignments--tests and projects--are individual (not group) assignments. Make sure that the materials you submit reflect your (exclusive) work.
9. **Never** send me an e-mail beginning with “I know you don’t like to hear graduate students whine, but.....”

Suggestions for submitting written assignments:

1. Include your name and course plus section number on all emails and submissions.
2. Save a backup copy when you submit. It may contain material or concepts that you will wish to review for the upcoming exam.
3. Put the assignment in your own words—DO NOT SEND ME ANY CUT AND PASTE ATTACHMENTS. I do not care to read National Bureau of Economic Research generated material about the NBER (relative, for example, to an assignment regarding business cycles). Tell me what **you** have to offer—but stick to facts and analysis, not unsupported opinion.
4. Treat each submission as a university, graduate level assignment—not a text message to a pal. Keep in mind that in a formal setting:
 - a) grammar and spelling matter (and may be held against you);

- b) 2 and 4 are Arabic numerals, not prepositions;
- c) U and R are letters of the alphabet, not pronouns and contractions;
- d) “there” and “their” are not interchangeable words;

In general, ask yourself if your submission is of a quality and maturity that you would submit to an employer—assuming that you would like to keep your job and advance with the company.

Broad Course Objectives and Expectations

Criteria (Course Objectives)	1 (Unsatisfactory)	2 (Marginal-Acceptable)	3 (Good--Acceptable)	4 (Exemplary)
Relative to macroeconomic performance -- Demonstrate a familiarity with U.S. national economic performance objectives, be able to access and employ relevant data pertaining to economic performance.	Student exhibits little or no understanding of the issues being examined	Student makes significant errors with regard to the significant issues of the question or problem being examined, but at least demonstrates knowledge of some of the major points of the issues	Student demonstrates understanding of the major points of the issues being examined but fails to demonstrate understanding of all the details of the issue	Student demonstrates a thorough knowledge of the issue being examined
Relative to discretionary stabilization policy-- Demonstrate an understanding of the nature and function of monetary and fiscal policy tools available for the pursuit of macroeconomic objectives as well as challenges and limitations of same.	Student exhibits little or no understanding of the issues being examined	Student makes significant errors with regard to the significant issues of the question or problem being examined, but at least demonstrates knowledge of some of the major points of the issues	Student demonstrates understanding of the major points of the issues being examined but fails to demonstrate understanding of all the details of the issue	Student demonstrates a thorough knowledge of the issue being examined
Relative to macroeconomic theory— Demonstrate an understanding of the role of macroeconomic theory and data in the policy formulation and implementation process	Student exhibits little or no understanding of the issues being examined	Student makes significant errors with regard to the significant issues of the question or problem being examined, but at least demonstrates knowledge of some of the major	Student demonstrates understanding of the major points of the issues being examined but does not demonstrate understanding of all the details of the issue	Student demonstrates a thorough knowledge of the issue being examined

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Please note: This syllabus should be considered a guideline, NOT a contract. As such it is subject to change as circumstances warrant—at this discretion of the instructor.

Texas A&M System Statement re: Campus Concealed Carry

Texas Senate Bill - 11 (Government Code 411.2031, et al.) authorizes the carrying of a concealed handgun in Texas A&M University-Commerce buildings only by persons who have been issued and are in possession of a Texas License to Carry a Handgun. Qualified law enforcement officers or those who are otherwise authorized to carry a concealed handgun in the State of Texas are also permitted to do so. Pursuant to Penal Code (PC) 46.035 and A&M-Commerce Rule 34.06.02.R1, license holders may not carry a concealed handgun in restricted locations. For a list of locations, please refer to

((<http://www.tamuc.edu/aboutUs/policiesProceduresStandardsStatements/rulesProcedures/34SafetyOfEmployeesAndStudents/34.06.02.R1.pdf>)

and/or consult your event organizer). Pursuant to PC 46.035, the open carrying of handguns is prohibited on all A&M-Commerce campuses. Report violations to the University Police Department at 903-886-5868 or 9-1-1.

Students with Disabilities:

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you have a disability requiring an accommodation, please contact:

**Office of Student Disability Resources and Services
Texas A&M University-Commerce**

**Gee Library
Room 132
Phone (903) 886-5150 or (903) 886-5835
Fax (903) 468-8148
StudentDisabilityServices@tamuc.edu**