

Macroeconomic Theory

I. Introduction

Economics 410 is a course in intermediate macroeconomic theory and policy analysis. The aim of the course is to study the techniques of contemporary macroeconomics and to learn how these techniques are useful for understanding the macroeconomy and evaluating current policies. We will emphasize the development of a framework for understanding the determinants of long run economic growth and short run economic fluctuation, unemployment, inflation, interest rates, the trade deficits, exchange rates and other interesting macroeconomic quantities.

Students should be familiar with the course material of ECON 203 and have some calculus background. Course evaluations will be based on weekly quizzes (30%), homework assignments (30%), and two exams (20% each).

Each quiz will include 3 multiple choice questions. Among the total 10 quizzes, the worst two will not be used toward your final grade.

Each homework assignment will include 25 multiple choice questions and 2 essay questions. Most of the essay questions will come from the textbook. Roughly every two weeks we will have a homework assignment. There will be five assignments. One homework assignment will not be used toward your final grade.

Each exam will include 25 multiple choice questions and two essay questions. The first exam will be held in class on Thursday, 3/12. The second exam will be held in class on Thursday 4/30. Makeup exams for both exams will be held on Tuesday 5/5 at the regular class time.

Makeup exams will only be available to those students who have let the instructor know BEFORE the exam AND who provides verifiable proof that they have to miss the exam.

II. Time and Location of the class:

TuTh 3:05pm – 4:20pm Allen 1002

III. Office Hours

Instructor: Li Gan: Email: gan@econmail.tamu.edu.
Office: Allen 3086.
Phone: 862-1667
Office Hours: MW 1:30pm-3:00pm, or by appointment.

V. The Textbook and the Planned Lecture Schedule

The text for the course is Macroeconomics, by Gregory Mankiw, 6th Edition (Worth Publishers, 2007).

Planned Lecture Schedule

Week 1 (1/20—1/23)	Organization Chapter 1	Math requirement Basic facts of macro economy
Week 2 (1/26—1/30)	Chapter 2	Review and Economic Data Gross Domestic Product (GDP) GDP Deflator Consumer Price Index (CPI) Unemployment rate
Week 3 (2/2—2/6)	Chapter 3	National Income Production function Supply/Demand equilibrium Exogenous vs. endogenous variables
	Chapter 4	Money and Inflation Quantity equation
Week 4 (2/9—2/13)	Chapter 4	Money and Inflation Money demand Fisher equation
Week 5 (2/16-2/20)	Chapter 6	Unemployment Natural rate of unemployment Involuntary unemployment
Week 6 (2/23-2/27)	Chapter 7	Long Run Economic Growth (I): Solow model Per capita production function Saving rate Depreciation rate Population growth The Golden Rule Steady State
Week 7 (3/2-3/6)	Chapter 8	Long Run Economic Growth (II) Effect of technology Empirical evidence Endogenous growth Growth Policies
Week 8 (3/9—3/13)	Review and the 1 st exam	The first exam will be held on Thursday, March 12 The exam covers the first part of the class
Week 9 (3/16—3/20)	Spring break	

Planned Lecture Schedule

Week 10 (3/23—3/27)	Chapter 9 Chapter 10	Introduction to Economic Fluctuation Sticky prices Short vs. long run equilibrium Aggregate Demand: IS/LM curve
Week 11 (3/30—4/3)	Chapter 10, 11	Aggregate Demand: IS/LM curve Short run economic policies
Week 12 (4/6—4/10)	Chapter 11 Chapter 5	The Great Depression Open economy
Week 13 (4/13-4/17)	Chapter 5 & Chapter 12 Chapter 16	Exchange rate determination / Mundell-Fleming model Consumption Kuznet consumption puzzle
Week 14 (4/20-4/24)	Chapter 16	Consumption Intertemporal optimization Lifecycle hypothesis Permanent Income hypothesis
Week 15 (4/27-5/1)	Review and the 2 nd exam	Review The second exam will be held on Thursday, 4/30 The 2 nd exam will cover the 2 nd half of the class. The makeup exam will be held on Tuesday, 5/5

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 for their disabilities. If you believe you have a disability requiring an accommodation, please contact the Department of Student Life/Services for Students with Disabilities, in Cain Hall. The phone number is 845-1637.

AGGIE HONOR CODE

“An Aggie does not lie, cheat, or steal or tolerate those who do.”