Macroeconomic Theory
ECO 303
Section 1
MW 10:00 to 11:15 PM
BEH 121
Stephen M. Miller
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Access Code for MyEcon Lab miller57391

Fall 2013

Supplemental Instruction: Mr. Justin Lewis will serve as a supplemental instruction graduate assistant for this course. Supplemental instruction occurs as follows: MW 11:30 AM to 12:30 PM in SSC 254. Tutoring services on the 2nd floor of the Lied Library also occur as follows: Tuesday 5:00 to 7:00 PM second floor. His contact information is as follows: telephone: 702-895-3227; office: BEH 507; e-mail: lewisj2@unlv.nevada.edu; and office hours: TBA.


Teaching Philosophy: My philosophy flows from three assumptions about the teaching and learning process. First, the instructor must invest sufficient time to develop an up-to-date, comprehensive, challenging, and accessible course. To fulfill this obligation, the instructor must keep current in the developments in the field, both in research findings and teaching methods. Second, the student must invest sufficient time to learn and absorb the course content. To fulfill this obligation, the student must commit to attend class on a consistent basis, to finish all reading and ungraded homework in a timely manner, and to complete all graded course requirements on time. Third, university students must shoulder the burden for fulfilling their end of the bargain. That is, the instructor must assume that the students are adults, responsible for their own actions and behavior.

Learning Objectives: Students who successfully complete this course will understand how to use basic macroeconomic models to consider monetary and fiscal policy questions. Those macroeconomic models rely on several aggregate markets -- labor, goods, and asset markets. The analyses will consider both long-run growth and short-run stabilization issues. Further, while much of the discussion focuses on a closed economy, considerable attention is also given to open economy macroeconomic analysis. Moreover, students will explain the causes of short-run fluctuations in macroeconomic variables; explain the determinants of long run economic growth; predict the effects of various macroeconomic policies using the appropriate models; gather, analyze, and interpret economic data; describe the role and function of financial markets, institutions, and policies; and analyze global economic issues.

Office Hours: MW 4:00 to 5:30 PM and by appointment.
Evaluation: The course grade will include three components – data analyses, problem sets, and exams. You will have two (2) data analyses and two (2) problem sets during the semester (50 points each). Finally, you will have a mid-term and (non-cumulative) final (100 points each). Your final grade will be an average of all components (400 points total). The first exam is scheduled for Wednesday, October 16 and the final is scheduled for Monday, December 9 from 10:10 AM -12:10 PM in BEH 121.

Incomplete Grades: The instructor can grant an incomplete grade (I) when a student satisfactorily completes all course work up to the withdrawal date of that semester/session but for reason(s) beyond the student’s control, and acceptable to the instructor, cannot complete the last part of the course, and the instructor believes that the student can finish the course without repeating it. A student who receives an I is responsible for making up whatever work was lacking at the end of the semester. If the student does not complete course requirements within the time indicated, the student receives a grade of F and the GPA will be adjusted accordingly. Students who are fulfilling an I do not register for the course but make individual arrangements with the instructor who assigned the I grade.

WebCampus: This course is a WebCampus course. I will post the course outline, homework assignments, other handouts, and so on at the WebCampus site. You can access this site 24/7, except for scheduled maintenance on the system and unexpected downtimes due to technical glitches.

Academic Misconduct: Academic integrity is a legitimate concern for every member of the campus community; all share in upholding the fundamental values of honesty, trust, respect, fairness, responsibility, and professionalism. By choosing to join the UNLV community, students accept the expectations of the Academic Misconduct Policy and are encouraged when faced with choices to always take the ethical path. Students enrolling in UNLV assume the obligation to conduct themselves in a manner compatible with UNLV’s function as an educational institution. An example of academic misconduct is plagiarism. Plagiarism is using the words or ideas of another, from the Internet or any source, without proper citation of the sources. See the Student Academic Misconduct Policy (approved December 9, 2005) located at: http://studentconduct.unlv.edu/misconduct/policy.html.

Copyright and Fair Use: The University requires all members of the University Community to familiarize themselves with the copyright and fair use requirements. You are individually and solely responsible for violations of copyright and fair use laws. The university will neither protect nor defend you nor assume any responsibility for employee or student violations of fair use laws. Violations of copyright laws could subject you to federal and state civil penalties and criminal liability, as well as disciplinary action under University policies. Additional information can be found at: http://www.unlv.edu/committees/copyright/.

Disabilities: The Disability Resource Center (DRC) determines accommodations that are “reasonable” in promoting the equal access of a student reporting a disability to the general UNLV learning experience. Faculty will only provide students course adjustment after having received an “Academic Accommodation Plan” from the DRC. UNLV complies with the provisions set forth in Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990. The DRC is located in the Student Services Complex (SSC-A), Room 143, phone (702) 895-0866, fax (702) 895-0651. For additional information, please visit: http://drc.unlv.edu/.
Religious Holidays Policy: Any student missing work because of observance of religious holidays will receive an opportunity during that semester to make up missed work. The make-up will apply to the religious holiday absence only. It is the student's responsibility to notify the instructor no later than the last day of late registration of his or her intention to participate in religious holidays, which do not fall on state holidays or periods of class recess. This policy shall not apply in the event that administering the test or examination at an alternate time would impose an undue hardship on the instructor or the university which could have been avoided. For additional information, please visit: http://catalog.unlv.edu/content.php?catoid=4&navoid=164.

Tutoring: The Academic Success Center (ASC) provides tutoring and academic assistance for all UNLV students taking UNLV courses. Students are encouraged to stop by the ASC to learn more about subjects offered, tutoring times and other academic resources. The ASC is located across from the Student Services Complex (SSC). Students may learn more about tutoring services by calling (702) 895-3177 or visiting the tutoring web site at the following internet address: http://academicsuccess.unlv.edu/tutoring/.

UNLV Writing Center: One-on-one or small group assistance with writing is available free of charge to UNLV students at the Writing Center, located in CDC-3-301. Although walk-in consultations are sometimes available, students with appointments will receive priority assistance. Appointments may be made in person or by calling 895-3908. The student’s Rebel ID Card, a copy of the assignment (if possible), and two copies of any writing to be reviewed are requested for the consultation. More information can be found at: http://writingcenter.unlv.edu/.

Rebelmail: By policy, faculty and staff should e-mail students’ Rebelmail accounts only. Rebelmail is UNLV’s official e-mail system for students. It is one of the primary ways students receive official university communication such as information about deadlines, major campus events, and announcements. All UNLV students receive a Rebelmail account after they have been admitted to the university. Students’ e-mail prefixes are listed on class rosters. The suffix is always @unlv.nevada.edu.

Course Outline and Readings:

I. Introduction (3 weeks -- August 26, & 28; September 4, 9, & 11)
A. Macroeconomic Practice
B. Measurement Issues
   1. Business Cycles
   2. National Income Accounting
      a. Expenditure Approach
      b. Income Approach
      c. Value Added Approach
   3. Price Level, Inflation Rate, and Interest Rates
   4. Money and Central Banks
   5. Finance and Flow of Funds
   6. Employment and Unemployment
Readings:

Mishkin: Chapters 1, 8, 2, 4 (pp. 67-72), 5, 14 (pp.345-348), & 20 (pp. 514-518, 525-535).

II. Long-Run Growth (2 weeks -- September 16, 18, 23, & 25)
   A. Production and Productivity
   B. Growth Accounting
      1. Labor
      2. Capital
      3. Technology
   C. Neo-Classical Growth Models
      1. Solow Model
   D. Convergence Hypothesis
      1. Absolute Convergence
      2. Conditional Convergence
   E. Endogenous Growth Models
      1. Productivity and Technology

Readings:

Mishkin: Chapter 3, 6 & 7.

III. Macroeconomic Model: Aggregate Demand (3 ½ weeks -- September 30; October 2, 7, 9, 14, 16, & 21)
   A. Investment and Saving: Goods Market Equilibrium
      1. Closed Economy
      2. Open Economy
   B. IS Curve: Goods Market Equilibrium
      1. Planned Expenditure
      2. Components of Expenditure
      3. IS Curve Derived from Expenditure Model
      4. IS Curve Derived from Investment Equal Saving
   C. Monetary Policy (MP) Curve
      1. Central Bank Policy Curve
      2. Taylor Principle
   D. Aggregate Demand
      1. AD Curve Derived from MP and IS Curves
      2. Money Market and Nominal Interest Rate

Readings:

Mishkin: Chapter 4 (pp. 73-101), 9, and 10.

IV. Phillips and Aggregate Supply Curves (2 week -- October 23, 28, & 30; November 4)
   A. Long- and Short-Run Phillips Curves
      1. Original Phillips Curve
      2. Friedman-Phelps Analysis
   B. Long- and Short-Run Aggregate Supply Curves
      1. Okun’s Law
      2. Expectations Augmented Phillips Curves
      3. Long- and Short-Run Aggregate Supply Curves

Readings:

Mishkin: Chapter 11.
V. Aggregate Demand-Aggregate Supply Model and Policy (1 week -- November 6 & 13)
   A. Short-Run Equilibrium
   B. Long-Run Equilibrium
   C. Stabilization Policy
      1. Stabilizing Output and Employment
      2. Stabilizing Inflation
      3. Responses to Shocks

Readings:
Mishkin: Ch. 12 & 13

VI. Open Economy Macroeconomic Model (1 ½ weeks -- November 18, 20, & 25)
   A. Exchange Rate
      1. Purchasing Power Parity
      2. Interest Rate Parity
   B. Exchange Rate Determination
      1. Short-Run Equilibrium
      2. Long-Run Equilibrium
   C. Macroeconomic Policy
      1. Flexible Exchange Rates
      2. Fixed Exchange Rates

Readings:
Mishkin: Chapter 17.

VII. Macroeconomics of Financial Crisis (½ week -- November 27)
     (Covered only if we have enough time.)
   A. Information Problems
   B. Dynamics of Financial Crisis
   C. Role of Housing Market

Readings:
Mishkin: Chapter 14 (pp. 349-359) & 15.

VIII. Modern Business Cycle Analysis and Macroeconomic Policy (1 week -- December 2 & 4)
      (Covered only if we have enough time.)
   A. Macroeconomic Policy and Expectations
      1. Adaptive and Rational Expectations
      2. Rules Versus Discretion and Time Inconsistency
      3. Policy Credibility
   B. Real Business Cycle
      1. New Keynesian Business Cycle
   C. Macroeconomists Agreements and Disagreements

Readings:
Mishkin: Chapters 21, 22, & Epilogue.