

UNITED STATES NAVAL ACADEMY
Economics Department Macroeconomics FE363 Fall 2002

FE365-3011 (MWF 3rd period MI213, F 4th SA101)

Professor: Assistant Professor Pamela Schmitt
Office: Nimitz 78
Phone: 3-6888
Office hours: **MW 5th and 6th, T 9th**. I teach MWF 1st, 2nd, and 3rd periods and F 4th so please make an appointment for any other time. Please make an appointment for any other time.
E-mail: pschmitt@usna.edu (the best way to reach me!)
Course Web page: www.usna.edu/Users/econ/pschmitt/FE365/FE365.html

I. Course Description and Text

The purpose of Macroeconomics is to provide a framework to explain the behavior of the world economy. This course will provide insight to the determinants of production, unemployment, inflation, international trade, and exchange rates.

In order to understand these macroeconomic variables, our analysis will be divided into two parts: the long-run equilibrium of the economy and short-run deviations from that equilibrium. Thus, the first half of the course will focus on the long-term trends for these macroeconomic variables as well as the causes of these trends. This framework will allow us to examine the role of fiscal and monetary policy. The second half of the course will focus primarily on business cycle analysis or short-term movements in these macroeconomic variables.

Text

Macroeconomics, Fifth Edition, by N. Gregory Mankiw

Prerequisite

FE210

II. Grading

Midterm and Final Exam

There will be two midterm exams and one final exam. The exams will be scheduled for administration on the dates marked on this course syllabus. Each exam will cover designated chapters from the textbook and class notes. Questions may be drawn from topics mentioned in class, from the textbook, and from the class notes. The length and description of each exam will be announced in class, but a general description is also provided below.

Exams will include multiple choice problems, short answer essays, analytical problems, and longer essays. The partial-essay format requires the student to know the material *and* be able to synthesize it in a logical, coherent manner. The communication of ideas is nearly as important as the idea itself; for what good is knowledge that cannot be conveyed to others?

Some of the questions on the exams will require the use of a calculator. You may bring your calculator to each exam. The calculator should be able to compute higher mathematical functions, but **cannot be programmed** to contain economic definitions or formulas.

Paper Portfolio

In addition to the stated exams, each student will be required to submit a portfolio of papers. The basic requirement includes 1) four short (2 to 3 pages – Due Sept. 6th, Oct. 4th, Oct. 23rd, and Nov. 15th), well-written papers due ON-TIME throughout the semester, 2) a final portfolio tying together the four short papers and incorporating appropriate changes suggested (Due Dec. 2nd), and 3) a presentation – on either **December 2nd, 4th, or 6th**. There is no page requirement for the final portfolio, quality is more important than quantity. An additional handout and discussion of this portfolio will be covered in lab on August 23rd.

Exercises, Questions, and Labs

Exercises/Questions

There will be several exercises and/or question that will be made available throughout the semester, these are required to be completed (with sincere effort) but will not be graded for points. If the exercise is sufficiently completed, it will earn a check. The percentage of check's received will account for part of the labs/homework, 5%, of your grade. The intent of these exercises is to provide the student with the opportunity to read the text and determine the important information as well as to apply the material presented in class and gain insight as to how questions and topics may appear on the exam. Answers will appear on my web page and therefore assignments will not contain corrections.

Labs

During the lab periods (F 4th), class meets in the SA105 lab. Many of the labs will involve use of the FAIRMODEL. The FAIRMODEL is a full scale, 131 equation quarterly macroeconomic model of the U.S. economy from 1952 through the present. Reading for the FAIRMODEL are found in the model's workbook, which will be distributed in class and is accessible on the Internet. The FAIRMODEL is accessible on the Internet. You will use it to examine in detail what has actually happened, to play "what if" games (For example, what might have happened **IF** OPEC had not pushed up oil prices in the early 70's?), and to try your hand at forecasting.

During lab, you will work with partners. After each lab, a lab report will be required from your group (only one per group), which will be due at the end of the lab period. You may confer with others regarding the labs, but the submitted work must be the product of your team. Most labs will finish with a class discussion relating labs to recent course material.

The grade earned on the labs factor into your lab/homework portion of your grade. **ONLY** one lab may be dropped and **no make-up labs** will be given. Therefore, if you must miss one lab – this will be the lab grade you drop.

Instructor Evaluation – Participation

Participation

The instructor's evaluation will be determined by class participation. Positive class participation includes, but is not limited by, contributing to discussion (daily preparation) and incorporating the textbook and any newsworthy materials. Negative class participation includes, but is not limited by, talking with your classmates during lecture (or any disruptive behavior) and sleeping during class.

Thus, grades will be based on two midterm exams, a final exam, labs, instructor evaluation, and the paper portfolio (including the presentation).

<u>Graded Assignment</u>	<u>Percentage of Grade</u>
Midterm Exam I	25 %
Midterm Exam II	25 %
Final exam	30 %
Papers/portfolio/presentation	15 %
<u>Labs/Homework/Instructor Evaluation</u>	<u>5 %</u>

The grading scale is as follows:

A	90 % – 100 %
B	80 % – 89 %
C	70 % – 79 %
D	60 % – 69 %
F	– 59 %

There will be no other opportunities to earn points for this course other than the stated examinations, paper portfolio, labs, exercises/questions, and instructor evaluation. These are the only means by which you can convey your understanding of the material in this course. No extra-credit will be offered.

III. Course Organization and Administration

Course Structure

The course is organized around three 50-minute class sessions and one 50-minute lab session per week and is primarily a lecture-based course. The course material is theoretical in nature and must be presented *before* the material can be discussed or applied to current events. Because of this, my primary role is to present the *technical* and *theoretical* aspects of the text material so the student will have a better idea of what the result is and where it is coming from. To the extent possible with any remaining class time, we will apply and discuss the course material as it pertains to relevant macroeconomic events in the world today.

Daily Preparation

Each student should read the assigned chapter *before* coming to class. Following the completion of each chapter in lecture, the student should re-read the chapter for emphasis and synthesize course notes with the text. A good check of your understanding of the course material is to complete the *Questions for Review* which are located at the end of each chapter. If any of the *Questions for Review* or *Learning Objectives* remain unclear after this process, then there is a gap which needs to be filled immediately. Do not procrastinate and leave these gaps until just prior to exam time. Much of the material is inter-related and should be mastered before additional concepts are applied.

Make-up Exams

If you are committed to attend an event during a FE365 exam time, such as an athletic meet, musical performance, movement orders, or have watch in Bancroft Hall, then you must arrange *in advance* (by e-mail at a minimum) to take the exam *before* the scheduled exam date. If you are SIR, then you must arrange *in advance* (by e-mail at a minimum) to take the exam *after* the scheduled exam date.

Without notification prior to the exam, you will not be permitted to reschedule the exam. Likewise, if you have an unexcused absence you will not be permitted to reschedule the exam.

Regardless, you will have **only two days after** the scheduled exam to take the exam or you will have to take a make up exam during the last week of classes.

Honor Code

This course is taught under *The Honor Concept of the Brigade of Midshipmen*. Midshipmen of the United States Naval Academy agree to accept the responsibilities for honorable conduct in that "Midshipmen are persons of integrity: They stand for that which is right" in all academic activities.

Students must not give or receive aid on exams. This includes, but is not limited to, viewing the exams of others, sharing answers with others, and using books or notes while taking the exam. It also includes discussing the exam in order to help those who are taking it at a later time or date.

AUGUST 2002

Monday	Tuesday	Wednesday	Thursday	Friday
			2	3
5	6	7	8	9
12	13	14	15	16
19 First Day of Classes Cover Chapter 1 The Science of Macroeconomics	20	21 Cover Chapter 2 The Data of Macroeconomics And Chapter 3 National Income: The Neoclassical Model	22	23 First Day of Lab Introduction to the FAIRMODEL Lab 1 – Recession and Growth Project Discussion
26 Cover Chapter 3 National Income: The Neoclassical Model	27	28 Cover Chapter 3 National Income: The Neoclassical Model	29	30 Cover Chapter 4 Money and Inflation Lab 2 – Recession

SEPTEMBER 2002

Monday	Tuesday	Wednesday	Thursday	Friday
2 Labor Day – NO CLASSES	3	4 Cover Chapter 4 Money and Inflation	5	6 PAPER 1 DUE Cover Chapter 4 Money and Inflation Lab 3 – Inflation
9 Cover Chapter 5 The Open Economy	10	11 Cover Chapter 5 The Open Economy	12	13 Cover Chapter 5 The Open Economy Lab 4 – Monetary Policy
16 Cover Chapter 6 Unemployment	17	18 Cover Chapter 6 Unemployment	19	20 EXAM I Chapters 1, 2, 3, 4, 5, and 6
23 Cover Chapter 7 Economic Growth I	24	25 Cover Chapter 7 Economic Growth I	26	27 Cover Chapter 7 Economic Growth I Lab 5 – Growth Accounting
30 Cover Chapter 7 Economic Growth I				

OCTOBER 2002

Monday	Tuesday	Wednesday	Thursday	Friday
	1 6 WEEK GRADES DUE	2 Cover Chapter 8 Economic Growth II	3	4 PAPER 2 DUE Cover Chapter 8 Economic Growth II Lab 6 – Solow Growth Model
7 Cover Chapter 8 Economic Growth II	8	9 Cover Chapter 16 Consumption	10	11 Cover Chapter 16 Consumption
14 Columbus Day – NO CLASSES	15 MONDAY SCHEDULE Cover Chapter 9 Introduction to Economic Fluctuations	16 Cover Chapter 9 Introduction to Economic Fluctuations	17	18 Cover Chapter 9 Introduction to Economic Fluctuations Lab 7 – Fiscal and Monetary Policy
21 Cover Chapter 10 Aggregate Demand I	22	23 PAPER 3 DUE Cover Chapter 10 Aggregate Demand I	24	25 Cover Chapter 11 Aggregate Demand II Lab 8 – Investment Savings
28 Cover Chapter 11 Aggregate Demand II	29	30 Cover Chapter 11 Aggregate Demand II	31	

NOVEMBER 2002

Monday	Tuesday	Wednesday	Thursday	Friday
				1 Exam II Chapters 7, 8, 9, 10, 11, and 16
4 Cover Chapter 12 AD in the Open Economy	5	6 Cover Chapter 12 AD in the Open Economy	7	8 Cover Chapter 12 AD in the Open Economy
11 Cover Chapter 13 Aggregate Supply	12 12 WEEK GRADES	13 Cover Chapter 13 Aggregate Supply	14	15 PAPER 4 DUE Cover Chapter 13 Aggregate Supply Lab 9 – Investment Savings/ Liquidity Money
18 Cover Chapter 14 Stabilization Policy	19	20 Cover Chapter 14 Stabilization Policy	21	22 Cover Chapter 14 Stabilization Policy Cover Chapter 15 Government Debt
25 Lab 11 – Budget Balancing	26	27 Cover Chapter 15 Government Debt	28 Thanksgiving	29

DECEMBER 2002

Monday	Tuesday	Wednesday	Thursday	Friday
2 PORTFOLIO DUE!! Presentations	3	4 Presentations	5	6 Presentations Last Day of Classes
9	10	11	12	13
16	17	18	19	20
23	24	25	26	27
30	31			