

ECO 3202: APPLIED MACROECONOMICS

SUMMER A, 2012

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OFFICE HOURS AND APPOINTMENTS:

I will hold drop in office hours on Tuesdays and Wednesdays from 3:30 – 5:00. In addition, I will be available for appointments as the need arises. To insure availability, appointments should be made with at least 24 hours advance notice.

PREREQUISITES:

Students should have completed ECO 2013 before enrolling in this course.

COURSE MATERIALS:

- Textbook: *Macroeconomics, 7th edition* by N. Gregory Mankiw; Worth Publishers
- Aplia Access (Course Key = PDY4-T48E-B622)

Note: online access to the full text of Mankiw's *Macroeconomics* is included with the purchase of Aplia access, so **students are not obligated to buy a hardcopy of the textbook**. For those students who would like a hardcopy of the text, new textbooks can be obtained through Aplia at a substantially reduced price.

REGISTERING FOR APLIA:

If you have *never used* Aplia before ...

1. Connect to <http://www.aplia.com>

2. Click the “New Student” link and enter your course key (PDY4-T48E-B622). Continue following the instructions to complete your registration

If you *have used* Aplia before ...

1. Connect to <http://www.aplia.com>
2. Sign in with your usual e-mail address and password and enter your course key (PDY4-T48E-B622) when prompted. If you are not prompted for a new course key, click the “Enter Course Key” button to enroll in a new Aplia course, and enter the course key when prompted.

COURSE CONTENT:

The purpose of this course is to survey the principal models that have been developed by macroeconomists to explain the aggregate behavior of free-market economies and to investigate the implications of those models for policy-making decisions. In particular, it is concerned with how to model the determination of aggregate income, wages rates, exchange rates, inflation rates, interest rates, trade balances and unemployment levels over long and short time horizons. In addition, attention is given to the issue of how key macroeconomic aggregates are measured in practice.

Although I reserve the right to make modifications as I see fit, my tentative plan is to cover the following topics in order:

- Macroeconomic data (ch. 2)
- Optimal factor demand for perfectly competitive firms (ch. 3)
- The classical model of factor prices and aggregate income (ch. 3)
- Interest rates and the supply and demand for loanable funds (ch. 3)
- The quantity theory of money (ch. 4)
- Real interest rates vs. nominal interest rates (ch. 4)
- Net exports and net capital outflow in open economies (ch. 5)
- Net exports and real exchange rates in the long run (ch. 5)

- Real exchange rates vs. nominal exchange rates (ch. 5)
- Purchasing power parity (ch. 5)
- The Keynesian cross model of aggregate income (ch. 10)
- Liquidity preference theory (ch.10)
- The IS/LM model of income and interest rates (chs. 10, 11)
- Fiscal and monetary policy in the short run (ch. 11)
- The AS/AD model (ch. 11)
- Solow's model of economic growth (chs. 7,8)

ATTENDANCE POLICY:

I highly recommend that students attend all lectures. When you skip lectures, you only make the class more difficult for yourself, and students who regularly miss lectures almost never do well in the course. However, attendance will not directly figure into the calculation of grades for the course.

ACCOMMODATING DISABILITIES:

In keeping with the Americans with Disabilities Act, I will make every effort to accommodate the needs of students with disabilities. Any student who, because of a disabling condition, may require some special arrangements in order to meet course requirements should contact me as soon as possible to make necessary accommodations.

GRADING:

Each student's course grade will be determined **exclusively** by their performance on 7 - 10 homework assignments (completed online at Aplia.com) and three exams (two midterms and a comprehensive final exam). In particular, a student's overall numerical score for the course will be a weighted average of three numbers: (1) his/her average

score on Aplia assignments, (2) his/her average midterm score, and (3) his/her final exam score. The average score on Aplia assignments will receive a weight of .30 in the overall score. The larger of the average midterm score and final exam score will receive a weight of .45 in the overall score, while the smaller number will receive a weight of .25.

Letter grades for the course will be assigned according to students' overall numerical scores for the course, using a "straight scale" (i.e – A: 90-100+, B: 80–89, etc).

For the purpose of calculating the average score on Aplia assignments, the lowest assignment score will be dropped.

Exam scores will be curved as I see fit. Aplia assignment scores will not be curved.

No extra credit of any kind will be offered to any student.

EXAM SCHEDULE:

Exams are scheduled as follows:

- Exam 1: Wednesday, May 23rd
- Exam 2: Monday, June 11th
- Final Exam: Wednesday, June 20th

If you take this class, you must take the exams at the scheduled times. There will be **no makeup exams** offered to students who miss exams without prior authorization.

LATE HOMEWORK ASSIGNMENTS:

Each graded problem set in Aplia has an associated deadline. Any **questions left unanswered at the deadline will be automatically marked wrong**. It is the student's responsibility to keep track of assignment deadlines, to arrange for access to the internet, and to be sure that assignments are completed on time. To avoid last minute submission difficulties, be sure to **start your homework early!**

ACADEMIC DISHONESTY:

I will not tolerate cheating of any kind. Any student who, in my judgment, is found to have cheated on an assignment or exam will receive an automatic zero for that assignment/exam.

DROP/ADD DEADLINES:

- Monday, May 14th – Last day to add courses without special permission, or drop courses with a full refund
- Friday, May 18th – Last day to withdraw from the University with a 25% refund
- Wednesday, May 30th – Last day to drop a course or withdraw from the University