Instructor: Dr. Aaron Smallwood

Contact Information:
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Time and Location: T-R 7:00 (p.m.)-8:20 (p.m.), PKH 319.
Office Hours: Tuesday 1:00 - 2:00 (p.m.)
Thur. 5:30 - 6:30 (p.m.)

Material: Chapters 2-13.

Recommended readings: We will concentrate heavily on current events as we analyze various economic theories throughout the course. It is highly recommended that students keep current with economic events to facilitate class discussion. Excellent sources for economic information include The Wall Street Journal and The Economist. A link to The Wall Street Journal has been provided on the following course website:
Course Website: http://www.uta.edu/faculty/smallwood/ECON3312spring14.html

Course Description:
This course is an introduction to macroeconomic theory and will likely prove quite challenging compared to your Principles of Macroeconomics course, which is a pre-requisite for this class. It will also be assumed that you have had exposure to college level algebra at some point. Our academic pursuit in this class is to create theories to explain how the macroeconomy works. To this end, we will start with a basic macroeconomic model, namely the IS/LM model which has its basis in Keynesian macroeconomic theory. You will see that the simplest models often have the most assumptions. We start with a model with only 1 country, and where the only determinant of output is through demand. In particular, firms will take prices as given. Throughout the course, we will drop assumptions, creating more elaborate models. To this end, we will discuss how the macroeconomy may work in the medium run by studying aggregate demand and aggregate supply. Throughout, we will place our emphasis on studying output, employment, and prices.

Course Objectives:
The successful student WILL accomplish each of the following:
1. The student will be able to read and understand economic jargon in popular business periodicals such as The Wall Street Journal.
2. The student will be familiar with important macroeconomic models. The student will be able to use these models to successfully analyze macroeconomic policies.
3. The student will be able to critique various models on the basis of criteria such as the model’s assumptions and the model’s implications.
4. The student will possess analytical skills that will enable him/her to study economics at a more advanced level.
Grading: There will be 2 exams and 6 assignments administered throughout the course of the semester. The breakdown of the grades is given as follows:

- Assignments 30% total (5% each assignment)
- Exam #1 35% total
- Final Exam 35% total

There will be 6 assignments based on the lectures. After each class period, I will post review questions to my website. At the very beginning of roughly every 4th class period, I will randomly collect one of the previous assignments. Typically, I will review the collected assignment at the beginning of class, and therefore, I will not be able to accept assignments from students who do not show up on time. The assignments will be carefully graded and must be completed individually without any group effort. Therefore, you must complete every assignment. I will not accept late assignments; however, if you must miss class on one of the following dates, we can make arrangements for you to turn in the assignments early (by email or in person). The dates upon which the assignments will be collected are as follows:
  - Assignment #1: January 28
  - Assignment #2: February 11
  - Assignment #3: February 25
  - Assignment #4: March 27
  - Assignment #5: April 10
  - Assignment #6: April 29

Your lowest problem set score will be replaced with a 100%.

Exams: There will be two exams. The scheduling for the exams is as follows:

- Exam 1: **EXAM DATE: March 4, 2013**
- Final Exam: **EXAM DATE: May 8, 8:15 p.m. - 10:45 p.m.**

  In the case of a necessitated emergency, properly documented, arrangements will be made to take the exam at a different time. An unexcused absence for an exam will result in a 0% on that exam.

Drop Policy: It is the student’s responsibility to complete the course or withdraw from the course in accordance with University regulations. Students are strongly encouraged to verify their grade status before dropping a course after their first withdrawal date. A student who drops a course after the first withdrawal date may receive an “F” in the course if the student is failing at the time the course is dropped.

Grade Grievances: You have one calendar year from the date the grade is assigned to initiate any grievance. The normal academic channels are department chair, academic dean, and the Provost.

Non-payment of fees policy: Students who have not paid their fees by the census date and are dropped for non-payment cannot receive a grade for the course under any circumstances. Emergency loans are available from the Financial aid Office.

Academic Dishonesty: The UTA Student Handbook contains the following statement on academic dishonesty:

“It is the philosophy of The University of Texas at Arlington that academic dishonesty is a completely unacceptable mode of conduct and will not be tolerated in any form. All persons involved in academic dishonesty will be disciplined in accordance with University regulations and procedures.”

“Scholastic dishonesty includes but is not limited to cheating, plagiarism, collusions, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts.” (Regents’ Rules and Regulations, Part One, Chapter VI, Section 3, Subsection 3.2 Subdivision 3.22)

Reasonable Accommodations: Students with academic disabilities needing accommodations should make an appointment to meet with me in my office during the first week of class. I will do my best to make the necessary accommodations to insure that no student is at a disadvantage because of his/her disability.
Bomb Threats: Effective April 8, 1997, the College of Business Administration has adopted a policy to deal with the classroom disruption caused by bomb threats in the building. (A) Section 22.07 of the Texas Criminal Law Statutes governs terrorist threats and classifies bomb threats as Class A misdemeanors. Section 12.21 of the Texas Criminal Law Statutes states that a Class A misdemeanor is punishable by (1) a fine not to exceed $4,000, (2) a jail term of not more than one year, or (3) both such a fine and confinement. (B) If anyone is tempted to call in a bomb threat, be aware that UTA will soon have technology to trace phone calls. (C) Every effort will be made to avoid cancellation of presentation/tests caused by bomb threats to the Business Building. Unannounced alternate sites will be available for these classes. If a student who has a class with a scheduled test or presentation arrives and the building has been closed due to a bomb threat, the student should immediately check for the alternate class site notice which will be posted on/near the main doors on the south side of the Business Building. If the bomb threat is received while class is in session, your instructor will ask you to leave the building and reconvene at another location. (D) Students who provide information leading to the successful prosecution of anyone making a bomb threat will receive one semester’s free parking in the Maverick Garage across from the Business Building. UTA’s Crimestoppers will provide a reward to anyone providing information leading to an arrest. To make an anonymous report, call 817-272-5245.
Course Outline: Please note that the course is very dynamic and thus will be skewed heavily toward current events. Please note that topics can and will likely change and that the following may also change due to the pace of the course.

Week 1 (Jan 14- Jan 16): Review of important economic statistics including prices, income, unemployment and economic growth (chapter 2).

Week 2 (Jan 21- Jan23): Building a model to understand income for an economy. The goods market under the assumption of exogenous investment (chapter 3).

Week 3 (Jan 28 - Jan 30): Shifts in demand in the market for goods. Building a model to understand financial markets (chapter 3,chapter 4). **Collection of first set of problem sets**

Week 4 (February 4 - 6): Shifts in demand and supply in the market for financial assets. Understanding how the actual conduct of monetary policy differs from our models (chapter 4).

Week 5 (February 11-13): Building a model to understand the goods market under the assumption of endogenous investment. Deriving the IS curve, which relates income to changes in interest rates (chapter 5). **Collection of second set of problem sets**

Week 6 (February 18-20): Shifts in the IS curve. Deriving the LM curve which relates changes in income to changes in interest rates. Shifts in the LM curve (chapter 5).

Week 7 (February 25 - 27): Equilibrium in the IS/LM model. Shifts in IS and LM curves. Studying how our model performs relative to actual evidence (chapter 5). **Collection of third set of problem sets.**

Week 8 (March 4 - 6): Exam #1. Return exam #1.

Week 9 (March 18 - 20): Building a model to understand the labor market. Labor demand and labor supply (also known as price setting and wage setting) (chapter 6).

Week 10 (March 25 -27): Shifts in labor demand and labor supply (chapter 6). **Collection of fourth set of problem sets.**

Week 11 (April 1 - 3): Using the IS/LM model to build aggregate demand. Using the market for labor to build aggregate supply (Chapter 7).

Week 12 (April 8-10): Shifts in aggregate demand and aggregate supply. Equilibrium (chapter 7). **Collection of fifth set of problem sets.**

Week 13 (April 15 - 17): Monetary and fiscal policy for an economy operating away from full employment. (Chapter 7)

Week 14 (April 22 - 24): Monetary and fiscal policy for an economy operating at full employment. Supply shocks (chapter 7).

Week 15 (April 29 - May 1): The relationship between unemployment and inflation (also known as the Phillips curve) (chapter 8). **Collection of sixth set of problem sets**

MAY 8, FINAL EXAM.