

**ECON-501.001
GRADUATE MACROECONOMICS**

Syllabus

American University
Department of Economics
Spring 2008
Time: Tuesday 8:10-10:40 p.m.
Room: Hrst 208

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Office hours: Mon & Thurs 10:00 a.m.-1:00 p.m.

Textbook: Macroeconomics, 10th Ed., Robert J. Gordon, Addison Wesley, 2006, ISBN: 0-321-27880-1.
Advanced Macroeconomics, 3rd Ed., David Romer, McGraw-Hill, 2006, ISBN: 0-07-287730-8.

Course Objectives: This is a graduate level macroeconomics course and therefore certain knowledge learned in a higher-level undergraduate macroeconomics course is assumed. Moreover, certain knowledge in algebra and differential calculus is also assumed. Any student having problems in employing algebra and differential calculus should see me by the end of the first week of the semester. The course studies the economy as a whole with a special emphasis on the U.S. economy by examining the national income account, monetary policy and its aggregates such as money supply, price level, and interest rates, and fiscal policy and its aggregates such as real income, consumption, and investment. It covers topics presented in Econ-301 in a more advanced manner. The course will start with business cycles and income determination in the short run. After analyzing the economy in the short run when prices are sticky, we will analyze the economy in the middle run when prices are flexible, and in the long run with a special emphasis on capital accumulation. The course will also discuss different approaches to macroeconomic policy debates such as stabilization policies and handling government debts. Finally, it discusses more microeconomics behind macroeconomics by analyzing the aggregate consumption function in more detail.

By the end of this course, the students should be able to, for example, explain how economic activities are measured and how the performances of alternative macro policies are evaluated and compared to one another, understand why some nations are rich while others are poor and why some economies grow faster than others, describe the main factors determining the value of each currency in the short run and in the long run, and analyze the effects of trade and budget deficits on the value of the national currency.

Prerequisites: Either Econ-301 or Econ-603, or the equivalent course at another university.

Academic Integrity: Standards of academic conduct are set forth in the University's Academic Integrity Code. By registering, you have acknowledged your awareness of the Academic Integrity Code, and you are obliged to become familiar with your rights and responsibilities as defined by the Code. Violations of the Academic Integrity Code will not be treated lightly, and disciplinary actions will be taken should such violations occur. Please see me if you have any questions about the academic violations described in the Code, which is available online at <http://www.american.edu/academics/integrity/code.htm>.

Academic Accommodations for Disabled Students: Any student with any disability conditions should make me aware of his or her conditions within the first two weeks of the semester.

Grading: There will be two non-comprehensive midterm exams and one comprehensive final exam, six homework assignments, and two short papers. No makeup exams. If you miss one of the midterm exams with a legitimate reason told to and approved by the instructor in advance, then your score for that exam will be your score in the other midterm exam. Final exam must be taken by every student on the scheduled day and at the scheduled time. Each student can earn a total of 600 points whose breakdown follows.

Exam 1 = 100 points,
Exam 2 = 100 points,
Final Exam = 180 points,

Homework Assignments = 120 points,
Paper 1 = 50 points, and
Paper 2 = 50 points.

Grading Scale:

A = 560 points or above,	C+ = 410-439 points,
A- = 520-559 points,	C = 380-409 points,
B+ = 490-519 points,	C- = 360-379 points,
B = 460-489 points,	D = 300-359 points, and
B- = 440-459 points,	F = 0-299 points.

Tentative Course Outline

Short Run: Business Cycles and Income Determination

- 1.15 (Tuesday) Gordon - Ch. 3
- 1.22 (Tuesday) Gordon - Ch. 4 and Romer - Ch. 5
- 1.29 (Tuesday) Gordon - Chs. 5 & 6

Middle Run: Aggregate Demand, Aggregate Supply, Unemployment, and inflation

- 2.05 (Tuesday) Gordon - Ch. 7
- 2.12 (Tuesday) Gordon - Ch. 8
- 2.19 (Tuesday) Gordon - Ch. 9 and REVIEW
- 2.26 (Tuesday) Gordon - Ch. 9 and **EXAM 1**

Long Run: Economic Growth and Public Finance

- 3.04 (Tuesday) Gordon - Ch. 10 and Romer - Ch. 1
- 3.18 (Tuesday) Gordon - Ch. 11 and Romer - Ch. 3
- 3.25 (Tuesday) Gordon - Ch. 12 and REVIEW
- 4.01 (Tuesday) Gordon - Ch. 12 and **EXAM 2**

Stabilization Policies and Sources of Instability

- 4.08 (Tuesday) Gordon - Ch. 13
- 4.15 (Tuesday) Gordon - Ch. 14
- 4.22 (Tuesday) Gordon - Ch. 15 and REVIEW
- 5.06 (Tuesday) **FINAL EXAM:** from 8:10 to 10:40 p.m.

Homework Assignments

No	Chapters	Problems	Pages	Due Dates (*)
1	Gordon 3 and 4	2, 4, 7 and 1, 2, 4, 8, 10	88-90 and 123-5	1/29/08
2	Gordon 5 and 6	2, 3, 4 and 3, 7	152 and 192	2/05/08
3	Gordon 7 and 8 and 9	2, 3, 4 and 1, 2, 3, 5 and 2, 4	230 and 269-70 and 314	2/19/08
4	Gordon 10 and 11 Romer 1	4, 8, 9 and 2, 5 1.5	345-46 and 385-86 45	3/25/08
5	Gordon 12	1,2,3,4,5	412-13	4/01/08
6	Gordon 13 and 14	5, 6, 7 and 1, 2, 3	447-48 and 478-79	4/22/08

(*): They are due in class on the due date and late homework will **not** be accepted.

Short Papers (*)

1. Discuss the effects of subprime mortgage crisis starting in 2006 on the U.S. economy and what monetary and fiscal policy actions should be taken to minimize the effects of the crisis in 2008.

Total score for this paper is 50 points and it is due in class on 2/19/08.

2. Discuss the reasons causing the slowdown in the growth rate of the U.S. economy from 1973 to 1995 and the reasons causing the speed-up in the growth rate of the U.S. economy since 1995.

Total score for this paper is 50 points and it is due in class on 4/08/08.

(*): Each paper must be close to five pages and must not exceed five pages. It must at least have five references, three of which have to be economics journal articles. References must not exceed a half of a page and are included in the five-page restriction. If you copy someone's work word by word, then quotation marks must be used. If you paraphrase someone's work, then you must refer to that work. The following rules must also be followed.

Font: Size: 11, Type: Times New Roman. **Margins:** Top:1", Bottom: 1", Left: 1", Right: 1".

Paragraph: Before: 0 pt, After: 0 pt, Line Spacing: 1.5 lines. **Paragraph Indentation:** Left: 1 tab.