



**JAMES MADISON UNIVERSITY
COLLEGE OF BUSINESS – DEPARTMENT OF ECONOMICS**

**Introduction to Macroeconomics - GECON 200
Spring 2011**

- Instructor:** Nevin Cavusoglu (**contact info:** 568-8752; cavusonx@jmu.edu)
- Class Meetings:** MWF 10:10-11:00 am in ZSh G3 (Section 1; CLS#10999); 11:15-12:05 pm in ZSh G7 (Section 2; CLS#11000); 1:25-2:15 in ZSh G4 (Section 5; CLS#11003)
- Office & Off. Hrs:** ZSh 411; MF 12:05-1:20 pm; M 2:15-3:45 pm; W 9:05-10:05 am, or by appointment

REQUIRED TEXTBOOK: Robin Bade and Michael Parkin, Foundations of Macroeconomics, Pearson, 5th edition (earlier editions not recommended); available at JMU Bookstore

This course helps fulfill global experience requirements for Cluster 4 of the General Education Program. In this course we will analyze the behavior of economic systems at the national and international levels. Topics will include the methodology of economics as a social science, supply and demand, definition and measurement of important macroeconomic variables and theoretical models of growth, inflation, interest rates, unemployment, business cycles, stabilization policy, exchange rates, and the balance of payments.

COURSE OVERVIEW:

The purpose of this course is to introduce you to the principles and applications of macroeconomics. Macroeconomics aims to explain the functioning of the national economy as a whole, and it is therefore concerned with the “big” issues, such as economic growth, unemployment, inflation etc.

We will start off by introducing some general economics concepts and gaining a basic understanding of the supply and demand forces in an economy that determine how much of a particular product is supplied and at what price. Then we will move to macroeconomics. We will first define some major concepts that we will use throughout the semester, such as inflation, unemployment, GDP etc. Then we will spend some time discussing the major factors behind long run growth rates, which determine nations’ living standards. The last major part of the class will be concerned with deviations from potential levels of output and macroeconomic policies aimed at correcting such deviations. When an economy is using its available resources at their “normal” levels (i.e. no overtime), it is said to be growing at its potential rate. Fluctuations in real output, interest rate, employment and prices may cause an economy as a whole to depart from its potential growth path, and grow at a lower or higher rate. Usually policy officials view such deviations from potential growth rates as undesirable – when an economy grows at a rate

below its potential level this implies high unemployment rates; when an economy grows at a rate above its potential growth rate this usually raises concerns of rising inflation. Thus, government monetary and fiscal policies are often used to correct for deviations from potential growth rates.

The last topics will be international trade and exchange rates in open economies.

At the end of the semester you should be able to analyze and describe economic events using the basic concepts and techniques provided by macroeconomic theory. So, independently of your current major and your future career, this course will allow you to better understand economic events and make a more informed decision on your choices as citizens and voters.

COURSE OUTLINE:

Getting Started – Ch.1

The U.S. and Global Economies – Ch.2

The Economic Problem – Ch.3

Demand and Supply – Ch.4

GDP: A Measure of Total Production and Income – Ch.5

******Midterm Exam #1 (February 4, 2011)******

Jobs and Unemployment – Ch.6

The CPI and the Cost of Living – Ch.7

Potential GDP and the Natural Unemployment Rate – Ch.8

Economic Growth – Ch.9

Finance, Saving, and Investment – Ch.10

******Midterm Exam #2 (February 28, 2011)******

The Monetary System – Ch.11

Money, Interest and Inflation – Ch.12

Aggregate Supply and Aggregate Demand – Ch.13

Aggregate Expenditure Multiplier – Ch.14

******Midterm Exam #3 (April 1, 2011)******

The Short-Run Policy Tradeoff – Ch.15

Fiscal Policy – Ch.16

Monetary Policy – Ch.17

International Trade Policy – Ch.18

International Finance – Ch.19

******Midterm Exam #4 (April 29, 2011)******

INSTRUCTIONAL METHODS:

The course of study will consist of readings (from the book and additional articles), practice sets, quizzes, and exams. I will be using blackboard to post past exam copies and grades, and MyEconLab to post announcements.

I will also upload some study tips on blackboard.

COURSE REQUIREMENTS/EXPECTATIONS:

EXAMS: There will be four in-class midterm exams, the dates of which are determined as **February 4, February 28, April 1, and April 29, 2011**. The highest three of the four exams will count towards your grade. Each of the three exams is worth 17.5% of your grade and each will be on the material covered since the last exam. However, by nature, it will be necessary to master the basics well in order to be able to build up, i.e. the topics are interconnected. Midterm exams will be a mix of multiple choice and short answer questions.

The final exams are scheduled for **May 2, 2011, Monday, 8:00-10:00 am for Section 1; May 4, 2011, 10:30-12:30 pm for Section 2; and May 2, 2011, Monday, 10:30-12:30 for Section 5**. The final exam will be cumulative, multiple choice and worth 30% of your grade.

All exams will be closed book/notes and will cover all materials assigned throughout the semester, including extra readings and discussions. If you are not able to take the test during the assigned time, it is your responsibility to contact me **AT LEAST a week in advance** to discuss appropriate steps. Otherwise, a make-up exam will be given only if you can present a document indicating the type of emergency (medical or family).

MYECONLAB: To learn the material, you need to practice. Thus, you will be assigned quizzes almost every week and these will make up 17.5% of your grade. You will have a **24-hour window** to take each graded quiz. **You can take each quiz only once, and each quiz will have to be completed within a specific amount of time** (usually about 20-30 min) that will be displayed before you start the quiz as well as during the quiz. You will have three ‘free passes’, i.e. I will drop your lowest three quiz grades. It is up to you how you use these, but they are mainly intended to provide a buffer against unexpected events and illnesses that prevent you from completing the assignment or performing well on it. There is **NO** make-up for quizzes.

About a week **before** each graded quiz, you will be assigned a practice quiz that will allow you to test your understanding of the material. After completing the practice quiz, you will be given a personalized study plan. **To take the graded quiz, you have to have completed the corresponding practice quiz.**

On MyEconLab, you will be able to complete the practice sets and quizzes from any computer with an internet connection. Please don't forget that computers have very strict understanding of due date and time. The course ID for MyEconLab is **XL0M-A1SX-801Z-40M2**.

CLASS PREPARATION: You should come to class having read the assigned pages from the book as well as any assigned additional articles.

CLASS ATTENDANCE AND PARTICIPATION: Class attendance is not mandatory, and as such it is not an explicit part of your grade. However, I strongly recommend that you avoid missing classes and that you participate to class discussions. **Extensive participation** in classroom discussions may add up to 2 extra points towards your final grade, which may boost your grade up if you are on the margin. Moreover, by attending classes, you might catch an opportunity for some extra credit.

QUESTIONS: Questions are very welcome. You should ask any questions you have either in class, or in my office. Asking questions indicates that you are engaged and you want to understand and learn more.

HONOR CODE: You are expected to know and adhere to the JMU Honor Code. You are not allowed to collaborate or take assistance on exams or quizzes in any way. The penalty for cheating is a failing grade for the course.

CLASSROOM ETIQUETTE: All pagers, cell phones and other noise making equipment should be switched off during class. You should start packing your notes and books only after I have dismissed the class. Opposite behavior produces noise that reduces the efficiency of the lecture. In case of any such distracting behavior I might request that you stop coming to class.

USE OF E-MAIL: While I agree that the e-mail is a great way of communication, I expect you to limit your use of e-mail to necessary issues only. I will not be responding to questions regarding information that is already provided in the syllabus, or on blackboard, such as office hours, exam dates, coverage etc. Allow one business day for me to respond to your e-mails.

OFFICE HOURS: **Unless I announce otherwise in class or on blackboard, I am always available during my office hours** for your questions. If my office hours do not fit your schedule, contact me to establish a separate meeting time.

GRADING:

3 Midterm exams:	52.5% (17.5% each)
Final (comprehensive):	30%
Graded online quizzes:	17.5%
Class participation:	up to extra 2%

This course tends to be challenging and requires quite a bit of work outside of class. However, you also need to be studying for the class in the ‘right’ way, so if you work a lot but are not able to get a good grade, come and see me to establish a strategy **early in the semester**.

Your letter grade for the course will be solely based on your performance and not on your need. The average score in the class corresponds to **at least** C/C+. So, as long as the average is in that range or higher, you are looking at a grade schedule that looks **approximately** as follows: A>88%; B>78%; C>67%; D>56%. If the average score is lower than a C, then I will scale the grades up so that the class average corresponds to a C/C+.

Add/drop dates:

Tuesday, January 18, 2011 – last day to **add** a class without instructor and academic unit head signatures; last day to **drop** a class (withdrawing from a class after the drop deadline results in a “W” grade on your transcript)

Thursday, January 27, 2011 – last day to add a class with signatures.

In case of class cancellations due to inclement weather, you should always check MyEconLab and/or blackboard for my announcements. JMU’s cancelation policy can be found on <http://www.jmu.edu/JMUpolicy/1309.shtml>.