

**ECONOMICS 50463**  
**Perspectives in Macroeconomics**

Dr. John T. Harvey, Spring 2009

**PURPOSE:** In the class, the student will learn how to analyze macroeconomic issues in theory and policy from the perspectives of competing schools of thought. Special emphasis will be placed on how each approach explains post-1970 business cycles, inflation, and unemployment in the U.S. economy. This class gives Group A, Historical Context, credit under the major.

**PREREQUISITES:** A "C" or better in Intermediate Macroeconomics or graduate standing in business.

**FORMAT:** The class will be taught primarily as lecture with three to five structured discussions based on materials distributed in advance of that meeting.

**COURSE OBJECTIVES:** After the course, the student should be able to explain the basic premises of each major school of thought in modern macroeconomics, know how those premises lead to the conclusions and policy recommendations of each paradigm, and interpret the business cycle and episodes of inflation from the perspective of that approach.

**REQUIREMENTS:** Each student will have three opportunities to demonstrate their understanding of the course material. The relative weights are as follows:

First exam	30 points
Second exam	30 points
Final exam	<u>+40 points</u>
	100 points

The final is cumulative (though not over ALL the material we covered on exams one and two). Grades will be assigned as follows (parenthetical references are to the **TCU Undergraduate Studies Bulletin** definition of the performance necessary for the assignment of each grade):

100 to 89.5 points	A (Exceptional)
89.4 to 79.5 points	B (Superior)
79.4 to 69.5 points	C (Satisfactory)
69.4 to 59.5 points	D (Poor)
59.4 or less	F (Failure)

Exams are essay and will test students' knowledge of the material covered in lecture and the reading, require them to construct coherent analyses of events or trends using the appropriate framework, and use evidence appropriately when asked to analyze novel situations.

**GRADING ON IMPROVEMENT:** I have always thought it fair to raise a student's grade when she showed significant improvement over the course of the semester. However, I am (for the reasons stated above) very uncomfortable with arbitrarily determining the bonus. Oh happy day! I have come up with a formula to use in this regard! Get out your calculator...

First off, because it is cumulative and will reflect your knowledge of **all** the course material, improvement is linked to your final exam score. To determine your *improvement bonus* first convert all your scores into percentages (e.g., 90% instead of 27/30). Then subtract your lower of your first two exam scores from your final exam percentage and divide that total by 10. That is your bonus, and it will be added to your course total. Note that theoretically the bonus can vary from 10 percentage points (with a 100% on the final and a 0% on either exam one or exam two) to 0 (with a final exam score that does not exceed your lower score).

**ABSENCE POLICY:** The TCU Faculty/Staff Handbook requires that faculty be aware of the attendance of students and, if necessary, report frequent absences. In this class "frequent" will be defined as three or more.

**REMINDER:** Economics majors must earn a C or better in order to count economics courses toward their economics degree (though as a "D" it can be an elective).

**FINAL EXAM:** Our final is Tuesday May 5, April at 11:30am. Only those students with more than two final exams in a twenty-four hour period are permitted to reschedule any finals. **According to University policy, the student must prove that this exceptions applies and this must be done prior to the last week of regular class sessions before final examinations.**

**MAKEUP EXAMS:** This class will meet on the last regularly scheduled day of class (Tuesday, April 28) at the regular class time to take any makeups necessary. **The student need not contact the instructor with an excuse to take a makeup.** Simply miss the regular exam day and you are entitled to take the makeup. Only one exam may be missed in this manner, however. Before any other such incidents I must be contacted **before the time of the exam.**

**ACADEMIC HONESTY:** I do my utmost to see to it that those who are studying hard in my course get full credit for their work and that they are not cheated by classmates. I do this primarily by removing temptation and closely monitoring all exams. However, in the event that my vigilance is not sufficient and a case of academic dishonesty does come to my attention, I give my word to the honest members of the class that the offending party will be prosecuted to the full extent allowed by University policy. Speaking of the latter, section 3.4 of the Code of Student Conduct<sup>1</sup> defines academic misconduct as including but not limited to cheating, plagiarism, collusion, abuse of resource materials, computer misuse, fabrication and falsification, multiple submission, complicity in academic misconduct, and bearing false witness (definitions of each are available from the link in footnote 1).

Students are not the only ones who should be held to a moral standard in the process of determining course grades. It is equally vital to the integrity of the course that the instructor maintain the highest level of honesty. I promise everyone that, first, no student will have a grade changed simply because they made inquiries regarding my evaluation. Nor will someone in our class receive a higher grade on the basis of "need" (to keep a scholarship, to stay in school, to receive Economics credit, to not be killed by parents, etc.). If those are to be criteria for the determination of grades, then they should appear in the syllabus as assignments. Furthermore, the exams will be graded blindly (i.e., no names) and, at the end of the semester, the one and only place I will look to calculate students' grades will be their cumulative performance on the tests. The standard I will apply in determining letter grades absolutely will be the one listed above, and **I promise that it will be the same for everyone.** Finally, I feel very strongly that it is each student's right to understand how their grade was determined, and I am always happy to fully explain any questions you may have.

**BLUE BOOKS FOR EXAMS:** I would appreciate it if you would purchase Blue Books for each of the exams. Please have these to me by February 3. If you do, I'll add 0.5 pts to your final course grade!

**CALCULATORS AND TRANSLATORS:** You will never need a calculator for my exams. Those students for whom English is not their native language may bring a dictionary, but not an electronic one. Please let me see the dictionary before class.

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<sup>1</sup>The Code of Student Conduct can be found here:: <http://www.sa.tcu.edu/handbook/code.htm>.

**CLASSROOM ETIQUETTE:** Among my responsibilities is ensuring that students find the classroom environment one in which it is easy to concentrate on the material I am presenting. Fortunately, in my experience, the VAST majority of students already know exactly how to conduct themselves in a college classroom. However, if you find that someone's behavior is distracting you, please feel free to inform me and I'll take care of the situation. In the meantime, I'll do my best to keep disturbances (talking, in particular) to a minimum. **Everybody pays the same tuition and you have every right to be able to focus on the lecture.**

In terms of the student-professor relationship, I operate on the assumption that I am dealing with adults who deserve my respect as such and who understand that they are responsible for their actions. I expect the same in return and have only rarely been disappointed in this. One area where I have experienced frequent problems, however, is in terms of student appointments. I make great efforts to meet with students at their convenience and am happy to do so. This is part of my job and I enjoy it. But, you would be surprised at how many students come late to appointments or forget them completely (I literally had a semester during which not a single student ever bothered to show up for the appointment they had made!).

**TEXT:** There is no primary text for this course, though you may purchase John Maynard Keynes' General Theory at the bookstore. However, you can also get it free online:

<http://www.marxists.org/reference/subject/economics/keynes/general-theory/>

Any other materials may be found on my course web page:

<http://www.econ.tcu.edu/harvey/50453/50453stff.html>

**PICTURE DAY:** By golly gosh, you are paying a lot of money to come to TCU (well, someone is)—you deserve to have your professors know your name! So, on the second or third day of class I'll be taking all your pictures (to which you'll add your names later) so that I can study, study, study. By exam one I should know everyone's name AND which face it goes with!

**DISABILITIES STATEMENT:** Texas Christian University complies with the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973 regarding students with disabilities. Eligible students seeking accommodations should contact the Coordinator of Services for Students with Disabilities in the Center for Academic Services located in Sadler Hall, 11. Accommodations are not retroactive, therefore, students should contact the Coordinator as soon as possible in the term for which they are seeking accommodations. Further information can be obtained from the Center for Academic Services, TCU Box 297710, Fort Worth, TX 76129, or at (817) 257-7486.

Adequate time must be allowed to arrange accommodations and accommodations are not retroactive; therefore, students should contact the Coordinator as soon as possible in the academic term for which they are seeking accommodations. Each eligible student is responsible for presenting relevant, verifiable, professional documentation and/or assessment reports to the Coordinator. Guidelines for documentation may be found at <http://www.acs.tcu.edu/DISABILITY.HTM>.

Students with emergency medical information or needing special arrangements in case a building must be evacuated should discuss this information with their instructor/professor as soon as possible.

WEEK	TOPIC
#1 End Jan 15	<b>Introduction to course</b> (grading, assignments, philosophy, etc.)  <b>Classical Economic Theory</b>
#2 End Jan 22	...continued...
#3 End Jan 29	<b>Monetarism</b>  Friedman, Milton. "The Role of Monetary Policy," <b>The American Economic Review</b> , Vol. 58, No. 1 (Mar., 1968), pp. 1-17.  Humphrey, Thomas M. "The Evolution and Policy Implications of Phillips Curve Analysis," <b>Economic Review: Federal Reserve Bank of Richmond</b> , March/April 1985.  ...continued...
#4 End Feb 5	
#5 End Feb 12	***** <b>EXAM ONE (Feb 12)</b> *****
#6 End Feb 19	<b>New Classicism</b>  Altig, David and Paul Gomme. "In Search of the NAIRU," <b>Economic Commentary: Federal Reserve Bank of Cleveland</b> , May 1, 1998.
#7 End Feb 26	<b>Disequilibrium Models</b>  Barro R J & Grossman H I. "A General Disequilibrium Model of Income and Employment," <b>American Economic Review</b> , Vol 61 (1971), pp.82-93.
#8 End Mar 5	<b>The Economics of John Maynard Keynes (not "Keynesian" economics!)</b>  Keynes, John Maynard. <b>The General Theory of Employment, Interest, and Money</b> , Palgrave Macmillan, 1936.
#9 End Mar 12	<b>Keynesian Economics</b>  Hicks, John. "Mr. Keynes and the 'Classics,'" <b>Econometrica</b> , Vol. 5 (April 1937), pp.147-59.

- #10                   **Post Keynesian Economics**  
End Mar 26  
  
Harvey, John T. “Keynes’ Chapter Twenty-Two: A System Dynamics Model,” **Journal of Economic Issues**, Vol. 36, No. 2 (June 2002), pp.373-381.
- \*\*\*\*\***EXAM TWO (March 26)**\*\*\*\*\*
- #11                   **Interpreting History:**  
End Apr 2  
  
**1970's: stagflation**
- #12                   **1980's: deficits, recovery, and financialization**  
End Apr 9
- #13                   **1990's: the new economy???**  
End Apr 16
- #14                   **2000's: globalism and financial crisis**  
End Apr 23
- #14.5                \*\*\*\*\***Makeup Exams**\*\*\*\*\* (see above)  
End Apr 28  
  
\*\*\*\*\***Study Days**\*\*\*\*\*  
  
\*\*\*\*\***FINAL EXAM**\*\*\*\*\* (see page one)

**INSTRUCTOR INFORMATION:**

Office:               Somewhere in the Economics Building (can't remember the number, but you can't get lost in a trailer!)

Phone:               257-7230 or 257-6235 (office—the latter is the direct line); 924-9016 (home: please do not call here past 8:00pm or during SpongeBob!).

E-mail:               j.harvey@tcu.edu

B.A. Economics and Political Science, U. of Tennessee 1983.  
M.A. Economics, U. of Tennessee 1986.  
Ph.D. Economics (international, macroeconomics, history of economics), U. of Tennessee 1987.

Owner, General Manager, Coach, and Fan Club President of the Westcliff Colts (1989-1998), the Fort Worth Football League World Champions in 1989, 1992, 1994, 1997, and 1998.

Retired Five-Time Champion, 1999 through 2003.

Owner, General Manager, Coach, and Fan Club President of the Heidenheim Panzers (2004-present), the DAK

Football League World Champions in 2005 and 2008.