

**ECON525: GLOBAL MACROECONOMIC ANALYSIS**  
Andrews University Trinidad MBA Program  
May, 2009

**Course Instructor:** Dr. Delynne Shepard

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**Class Schedule:** Monday – Thursday: 6:30 – 9:30 pm  
Sunday: 9:00 – 12:00 noon and 1:00 – 4:00 pm

**Course Description:** This course is an introduction to global macroeconomics and, as such, comprises a study of the fluctuations of national income (i.e. “business cycles”) and prices, including variations in consumption, investment, interest rates, economic growth, and exchange rates, in both the short- and long-runs, set within the context of competing economic theories.

**Course Objectives:** Government policies dealing with the economy, whether fiscal, monetary, or foreign exchange, are the largest single determinant of the health of a nation’s businesses. Although politicians claim to know the “best” policies to enact, the economists who guide them often disagree about fundamental issues. This course considers in detail competing economic theories and models used in developing economic policy. After taking this course, the MBA student will be able to describe, analyze and evaluate various policies, as well as be able to identify key economic models and demonstrate their use in addressing macroeconomic problems. At a minimum, students will become fluent in the vocabulary of economic policies, the business press will be easier to read, and the mind’s logical processes will improve.

**Text:** Mankiw, N. Gregory, Macroeconomics, 6<sup>th</sup> ed., Worth Publishers, 2007.

**Requirements:** In the manner of traditional learning, this course requires your knowledge of the text and lectures, as well as your ability to explain and apply these concepts on homework assignments and tests. This means you must consistently attend the lectures and keep up with the reading of the text. From the start, realize that macroeconomics involves the use of very precise definitions; the various terms have specific meanings which you will want to make a strong effort to remember. This will help you to gain a clearer understanding of concepts learned in class.

Grades will be based on points earned in the following 3 ways:

- 1) Daily Work: Assignments will be taken from problems found at the end of each chapter and due as specified in the course schedule. You may choose to prepare and submit solutions either individually or in groups of 2-3 people, **however**, if you choose to work in a group, realize that you will receive a group grade and will be individually-responsible for ALL material come test time. PLEASE, if done in a group, submit only one set of answers (with all group member names clearly given) per group. Assignments = 20% of final grade.

- 2) Group Country Study: This project enables you to apply the various models and tools learned during the course. As a group, you will develop a spreadsheet to analyze the macroeconomy of a chosen country. Using real data you collect, you will analyze the impact of fiscal and monetary policies on interest rates, production, prices, and employment levels in the country. Due one week after the final, on Monday, June 1, you are to submit a write-up of the project, along with supporting materials (data, spreadsheets, references, etc). Group Country Study = 20% of final grade.
- 3) Two Exams: Two noncomprehensive tests, covering 8-11 chapters each, consisting of multiple choice, short-answer, graphical, and numerical problems, will be given. Each Test = 30% of final grade.

Letter grades will be based on the possible, with **approximate** cut-offs at 90% (A-); 80% (B-); 67% (C-); 55% (D). There will be no supplementary or extra credit work given. Assignments will be accepted only at the beginning of the period on the due date; late work, if accepted, will be severely penalized and tests may be made up only in the case of extreme emergencies.

**Academic Honesty:** Proven academic dishonesty (i.e., cheating on tests or collaborating on country studies will earn the offender a “0” for the grade. All previous work will be inspected for evidence of cheating, and the result is rarely a passing grade. Punishment will also be given to those who allow others to copy their work.

**Pre-Course Activities:** You may wish to get started on the reading before the first class session arrives,; in particular, read through chapters 1-4, and see if you can tackle the first homework assignment, though it is not due until the beginning of the second class period.

## COURSE SCHEDULE

<u>Date</u>	<u>Chapter and Subject to be Covered</u>	(*Assignment Due)
<i>Week 1:</i>		
Sun, May 10	1: Introduction to Macroeconomics 2: Measuring National Income, Inflation and Unemployment 3: Determining National Income 4: Money and Inflation	
Mon, May 11	5: Transitioning to the Open Economy 6: Defining Unemployment * 1: #4; 2: #4, 6, 8; 3: #1, 7, 8, 10; 4: #1, 8	
Tue, May 12	7: Defining and Explaining Economic Growth: the Solow Model * 5: #1, 2, 5, 10, appendix #2; 6: #2, 4, 6	
Wed, May 13	8: Technological Progress as a Determinant of Growth * 7: #1 (a-c only), 2, 4, 6	
Thur, May 14	9: Aggregate Demand, Aggregate Supply, and the Business Cycle 10: The IS-LM Framework * 8: #1, 2, 5	
<i>Week 2:</i>		
Sun, May 17	<b>TEST I: Chapters 1 – 8</b>  11: Dynamics and the IS-LM * 9: #1, 2, 3; 10: #2, 3, 4, 5	
Mon, May 18	12: More on the Open Economy 13: Theories Explaining Aggregate Supply * 11: #3, 5, 6	
Tue, May 19	14: Stabilization Policy 15: Debates Over the Government Debt * 12: #1, 4, 8; 13: #2, 3, 5	
Wed, May 20	16: Theories of Consumption 17: Capital and Investment * 14: #1; 15: #3, 4	
Thur, May 21	18: A Closer Look at Money Supply and Money Demand 19: Business Cycle Theory * 16: #1, 4, 6; 17: #1, 2, 6 (a only), 7	
<i>Weeks 3-4:</i>		
Sun, May 24	<b>TEST II: Chapters 9 - 19</b> * 18: #1, 2, 3; 19: #2	
Mon, June 1	<b>Group Country Study Due</b>	