

George Mason University
Fall Semester
Macroeconomic Theory
Economics 104

Professor Dr. Thomas Carl Rustici
Office James Buchanan Hall Room 162
Hours MW 11:30 am to 1:15 pm & 5:45 to 7:00 pm
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Objectives The lectures and readings in this course are designed to familiarize students with the fundamentals of macroeconomic theory. The central focus this course takes is an understanding of the process of price formation in a free exchange economy. A wide variety of market institutions such as the price system, monetary system, the profit-loss system, speculation, financial intermediaries, and the structure of production are explored for their coordinative roles with respect to aggregate economic activity. Also, we will examine the economics of public choice that highlights the elementary dynamics of the political marketplace. Finally, the basic microeconomic and macroeconomic principles are applied to a wide variety of larger economic issues such as inflation, unemployment, national income, economic growth and development, the business cycle etc.

Grades There are four exams in this course, three 50 minute midterms and a comprehensive final. Make-up for exams is only permissible if the student notifies the instructor *before* the scheduled testing or because of extraordinary circumstances. All cases of unexcused absences for tests receive a zero. **THERE IS NO CURVE IN THIS CLASS.** The course grade is weighted as follows:

Exam 1 20%
Exam 2 20%
Exam 3 20%
Final 40%

Required Texts

There are two **required** textbooks for successful completion of this course. These texts are co-edited and co-authored by Dr. Thomas Rustici, Jim Caton, Ted Phalan and Dr. Dima Shamoun.

Macroeconomics Vol. 1: The Monetary Foundations of the Macro Economy (M1)

Macroeconomics Vol. 2: Macro Economics: Past and Present (M2)

Attendance Regular attendance is absolutely crucial for successful completion of this course. If for any reason regular attendance becomes difficult, please notify the instructor as soon as possible. Furthermore, I expect students to be on their best behavior while in class. This means no joking around, horseplay, excessive noise, eating or drinking etc. Disruptive students will be removed from the class and receive an immediate "F" for the course.

Honor This course demands the highest standard of conduct. Cheating or plagiarism is not tolerated in any way. Violation of this code results in an immediate failing grade for the course and a report to the GMU Honor Committee.

Week 1 **Spontaneous Order: The Big Picture**
(M1) start Chapter 1

Week 2 **Microeconomic Theory & Macroeconomic Fundamentals**
(M1) finish Chapter 1

Week 3 **The Price System and Economic Coordination**
(M1) start Chapter 2

Week 4 **Comparative Advantage, International Trade and Public Choice**

(M1) finish Chapter 2

Exam 1

Week 5 Money, Capital and the Structure of Production

(M1) Chapter 3 & start Chapter 4

Week 6 The Quantity Theory of Money: Episodes in Hyperinflation

(M1) finish Chapter 4 & Chapter 5

Week 7 The Classical Macro Model & the Significance of Say's Law

(M1) Chapter 6 and Appendixes

Exam 2

Week 8 The Keynesian Model

(M2) Chapters 1 & 2

Week 9 Macroeconomic Theory and America's Great Depression

(M2) Chapter 3

Week 10 Monetarism: The Quantity Theory and Expectations

(M2) Chapter 4

Week 11 Rational Expectations and the Breakdown of the Neoclassical Synthesis

(M2) start Chapter 5

Exam 3

Week 12 Austrian Economic Theory & Supply-side Economics and the Underground Economy

(M2) finish Chapter 5 & start Chapter 6

Week 13 The Economics of Growth and Development

(M2) finish Chapter 6 & Chapter 7

Final Exam December 17 7:30 am to 10:15 am

