

## ECON 305.0401

# Intermediate Macroeconomic Theory and Policy

Fall 2007

**Instructor:** Meltem Daysal

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**Office Hours:** M 10:00-11:00 (or by appointment)

**Time and Location:** MWF 9:00-9:50, TYD 1132

**Textbook (Required):** Macroeconomics, 6th Edition, Mankiw (ISBN: 0-7167-6213-7)

**Course Webpage:** <http://www.econ.umd.edu/~daysal/econ305>

## Introduction

Econ 305 is a course in intermediate macroeconomics, the study of the aggregate actions of a large collection of decision-makers. This course builds on the elementary concepts developed in introductory economics courses and focuses on the aggregate behavior of the agents in an economy. Throughout the semester, we will study various theories that are based on different assumptions and that have different perspectives on economics, with the purpose of exploring macroeconomic phenomena from different angles.

We will begin by discussing the **Classical Theory** and the long-run. Next we will analyze **business cycle** theories (short-run fluctuations in the economy).

The objective of the course is to give students a sound understanding of macroeconomic theory that would enable them to understand the articles in mainstream economic publications such as the Economist.

## Prerequisites

Econ 200, Econ 201 and Math 220. Due to the strong dependence on introductory micro and macro, students who have **not** completed **both** Econ 200 and Econ 201 **cannot** take this course.

The level of mathematics required will be quite low, while the emphasis on analytical rigor and conciseness will be demanding. If you feel that you are not making good progress in mastering the course material, you should contact me right away and do not put it off until it is too late for me to help.

## Grading and Course Policies

Your final grade will be based on:

20% Problem Sets

30% Midterm (October 15, Monday, **5PM - 7PM**(tentative))

50% Final Exam (TBA)

There will be no make-up for the midterm. A missed midterm will be dropped and your final exam will count as 80% of your course grade. Make-up final will be given only in the event of illness substantiated by a doctor's note. Your final letter grade will be based on your weighted score. There will be **no extra credit** opportunities.

### Problem Sets and Practice Questions

Throughout the semester you will receive 4 **problem sets** and several **practice question sets**. The post and due dates for the problem sets are listed with the weekly schedule. They will be in multiple-choice and/or short-essay format and you will be graded based on **effort**. You will receive full credit if you make an honest attempt to answer all the questions. Problem sets are due at the beginning of the lecture. If you can't make it to class, you can email me your answers or leave them in my mailbox in Tydings 3105 with a department time stamp. Problem sets that are handed in/emailed late will **not** receive any credit. If you miss a problem set due to unforeseen reasons, you will have the opportunity to make up for it by answering the bonus questions included in the midterm and the final. Each exam will have one bonus question. If you take both the midterm and the final, you can attempt both of these and the bonus question with the higher grade will be used when calculating your grade. If you do not take the midterm, then you will only have the bonus question in the final exam. The practice question sets will not be graded. The purpose of practice questions is to expose you to as many questions as possible before the exams.

### Midterm and Final

All exams will be **closed-book** and they will be in **short essay, true/false and/or multiple-choice** format. The midterm will cover part of the semester, while the final will be comprehensive.

Table 1: Problem Set Schedule

PS #	Chapters	Posted	Due
1	1, 2, 3	Sep 14	Sep 21
2	4, 6	Oct 1	Oct 8
3	9, 10	Oct 29	Nov 5
4	11, 13	Nov 21	Nov 28

Table 2: Weekly Course Schedule

<b>Week 1</b>	<b>INTRODUCTION &amp; LONG-RUN</b>	<b>Week 9</b>	<b>SHORT-RUN</b>
Aug 29	Introduction to Econ 305	Oct 22	Introduction to Economic Fluctuations, Ch 9
Aug 31	Introduction to Macroeconomics, Ch 1	Oct 24	Practice Questions, Ch 9
		Oct 26	Aggregate Demand I, Ch 10
<b>Week 2</b>		<b>Week 10</b>	
Sep 3	NO CLASS	Oct 29	Aggregate Demand I, Ch 10
Sep 5	Measurement in Macroeconomics, Ch 2	Oct 31	Aggregate Demand I, Ch 10
Sep 7	Measurement in Macroeconomics, Ch 2	Nov 2	Practice Questions, Ch 10
<b>Week 3</b>		<b>Week 11</b>	
Sep 10	Practice Questions, Ch 2	Nov 5	PS 3
Sep 12	National Income, Ch 3	Nov 7	Aggregate Demand II, Ch 11
Sep 14	National Income, Ch 3	Nov 9	Aggregate Demand II, Ch 11
<b>Week 4</b>		<b>Week 12</b>	
Sep 17	National Income, Ch 3	Nov 12	Aggregate Demand II, Ch 11
Sep 19	Practice Questions, Ch 3	Nov 14	Practice Questions, Ch 11
Sep 21	PS 1	Nov 16	Aggregate Supply, Ch 13
<b>Week 5</b>		<b>Week 13</b>	
Sep 24	Money and Inflation, Ch 4	Nov 19	Aggregate Supply, Ch 13
Sep 26	Money and Inflation, Ch 4	Nov 21	Aggregate Supply, Ch 13
Sep 28	Practice Questions, Ch 4	Nov 23	NO CLASS
<b>Week 6</b>		<b>Week 14</b>	
Oct 1	Unemployment, Ch 6	Nov 26	Practice Questions, Ch 13
Oct 3	Unemployment, Ch 6	Nov 28	PS 4
Oct 5	Practice Questions, Ch 6	Nov 30	Advances in Business Cycle Theory, Ch 19
<b>Week 7</b>		<b>Week 15</b>	
Oct 8	PS 2	Dec 3	Advances in Business Cycle Theory, Ch 19
Oct 10	Practice Midterm	Dec 5	Practice Questions, Ch 19
Oct 12	Practice Midterm Solutions	Dec 7	Practice Final
<b>Week 8</b>		<b>Week 16</b>	
	<b>MIDTERM - Oct 15, Monday, 5PM - 7PM (tentative)</b>	Dec 10	Practice Final Solutions
Oct 17	Midterm Solutions	<b>FINAL - (probably) Dec 17, Monday, 8AM - 10AM</b>	
Oct 19	Introduction to Economic Fluctuations, Ch 9		