

Econ 304: Intermediate Macroeconomic Theory

Section 1: Morton Hall 202, 9:00-9:50 am MWF

Section 2: Morton Hall 203, 10:00-10:50 am MWF

Contact Information

Professor Emily Moschini

Email: egmoschini@wm.edu

Office: Tyler 258

Office Hours: Mon 11:00-12:00 pm, Wed 11:00-1:00 pm or by appointment (via email with "Econ 304 Office Hour Request" in the subject line).

Required Textbook

Macroeconomics, 6th Edition, by Stephen D. Williamson (published by Pearson 2016)

Prerequisites

Specifically, the prerequisite for this course is Econ 102 (Principles of Macroeconomics). More generally, you should be familiar with the concepts of supply and demand, the basics of monetary and fiscal policy, and have some experience using equations, graphs, and tables to analyze economic situations. Solving systems of linear equations and taking good notes will help you to excel, so cultivate these skills.

Important Deadlines

- Add-drop period ends September 6, 2019.
- The last day to withdraw from the course is October 28, 2019.

Course Description and General Expectations

This course follows a modern approach to macroeconomics by building macroeconomic models from microeconomic principles. As such, it is consistent with the way that macroeconomic research is conducted today. You will learn theories of measurement for macroeconomic variables, as well as analytical tools and formal models (both static and dynamic). With the static model, we will examine how government spending and total factor productivity affect aggregate output, employment, consumption, and the real wage. With the dynamic model, we will examine consumer savings decisions, the effects of government debt and credit market frictions on the economy, and economic growth. Several additional topics may also be addressed, as time permits, towards the end of the course.

You are expected to attend each day of class, read the lecture material prior to class, and take notes as required. Ask questions! There is no such thing as a dumb question when you are trying to learn.

Teaching Assistant - Led Weekly Review Sessions

Each week, review sessions will be conducted by my Teaching Assistant, Kirsten Magaard.

Section 01 recitation: 3:30-4:30 Wednesdays

Section 02 recitation: 3:30-4:30 Thursdays

Recitations will probably begin the third week of the semester (September 11 for Section 01, September 12 for Section 02). Each week, Kirsten will do review problems based on the material covered in class. The location of these recitations will be announced in class and posted on Blackboard. Attendance is not mandatory, but this is a good resource for you and any problems covered are fair game for the exams.

Tentative Course Schedule

We will start by covering standard static and dynamic micro-founded model frameworks for macroeconomic analysis. Next, we will use a modified version of the dynamic model framework to study economic growth. After that, we move on to business cycles analysis. The remaining weeks of the course will be devoted to additional topics, which may be any of those listed in this schedule, and review sessions for the final exam.

Specific material covered on each midterm exam depends on where we are in the topics listed below. You can best inform yourself about what material will be on each midterm by attending class.

The only ambiguity about material covered on the final exam concerns the additional topics (Part VI) that we end up covering. Topics 1-12 in Parts I through V are certainly fair game. Please note that in the schedule below, the topic number and the chapter number are not the same.

Part I: Measurement

1. Introduction (Chapter 1)
2. Measurement and National Accounts (Chapter 2)
3. Business Cycle Measurement (Chapter 3)

Part II: The one-period economy

4. Microeconomic fundamentals (Chapter 4)
5. A Closed-Economy One-Period Macroeconomic Model (Chapter 5)

Part III: The basic two-period economy

6. Microeconomic fundamentals (Chapter 9)
7. A Real Intertemporal Model with Investment (Chapter 11)

Part IV: Economic growth

8. The Solow Growth Model (Chapter 7)
9. Growth Convergence and Endogenous Growth (Chapter 8)

Part V: Money and business cycles

10. Credit Market Imperfections (Chapter 10)
11. Money, Banking, Prices and Monetary Policy (Chapter 12)
12. Business Cycle Models with Flexible Prices and Wages (Chapter 13)

Part VI: Additional topics (as time permits)

13 and 14. Potential topics: Search and Unemployment (Chapter 6), New Keynesian Economics: Sticky Prices (Chapter 14), Money, Banking and Inflation (Chapter 17, 18)

Examinations

The examinations will be either multiple choice, or graphical/numerical problems, or short essay questions, or any combination of these three. There are two in-class midterms and a **comprehensive** final (three exams total). The dates for the midterms are fixed by me, although the material they will cover is not yet determined. The dates for your final exams are determined by the College and are listed below. The location for all the exams will be the classroom where we have lecture, unless I say otherwise.

| Exam | Date | % Course Grade |
|-----------------|--|----------------|
| Midterm Exam I | Wednesday, Oct 2 | 25 |
| Midterm Exam II | Wednesday, Nov 13 | 25 |
| Final Exam | 9am-12 pm Dec 17 (Section 01) , 2-5pm am Dec 18 (Section 02) | 30 |

If you miss a midterm exam, the weight will shift to the final exam. **You must take the final.** Please note that anything discussed in class or any topic in the assigned reading from the textbook is “fair game” for the exams. This includes examples discussed in the textbook that are not on the slides. In addition, besides material in the textbook that isn’t discussed in class, there may be material presented in class that is not in your textbook, so **make sure that you have a full set of notes.**

It is the policy of The College of William & Mary to accommodate students with disabilities and qualifying diagnosed conditions in accordance with federal and state laws. Any student who feels s/he may need an accommodation based on the impact of a learning, psychiatric, physical or chronic health diagnosis should be referred to Student Accessibility Services (SAS) staff at 757- 221-2509 or at sas@wm.edu. SAS staff will work with you to determine if accommodations are warranted, and if so, to help you obtain an official letter of accommodation. For more information please see www.wm.edu/sas.

Problem Sets

There will be 4 problem sets, each worth 5% of your total grade (20% total). Due dates for the problem sets will be announced in class. The problem sets will consist of multiple-choice questions and short-answer/analytical exercises, which will be good practice for the exams. Sometimes, the problem sets may contain data assignments. Although there will not be data exercises on the exams, they are an important part of your training as an economist. Due dates for problem sets will be announced in class and posted on the course website.

You must submit your homework at the beginning of the lecture of the due date. Late work will not be accepted. You may work with other students on assignments. However, you must submit your own solution. Answers that are vague, difficult to read, or incomplete will not receive full credit.

Grades

There are 100 points total in this class. The following table gives the points and contribution to the course grade of the four graded activities in this course.

| Activity | Points | % Course Grade |
|----------------------------|--------|----------------|
| Problem Sets (4 @ 5) | 20 | 20 |
| Midterm I | 25 | 25 |
| Midterm II | 25 | 25 |
| Final Exam (comprehensive) | 30 | 30 |

The following table indicates the lower bound for letter grades in points and percentiles.

| Grade | Min. Points | % |
|-------|-------------|-----|
| A | 91 | 91 |
| A- | 87 | 87 |
| B+ | 85 | 85 |
| B | 80 | 80 |
| B- | 77 | 77 |
| C+ | 74 | 74 |
| C | 70 | 70 |
| C- | 67 | 67 |
| D+ | 64 | 64 |
| D | 58 | 58 |
| D- | 55 | 55 |
| F | <55 | <55 |

Academic Integrity

Academic integrity is at the heart of the university. The *Student Handbook* (www.wm.edu/studenthandbook) includes your responsibilities as a student. To read the Honor Code, see www.wm.edu/honor. A minimum penalty for any breach of academic integrity is a grade of F for the course.