# Econ 304: Intermediate Macroeconomic Theory

Section 1: Tyler 134, 2:00-3:20 pm T/Th
Section 2: Tyler 134, 3:30-4:50 pm T/Th

## Contact Information

Professor Emily Moschini
Email: egmoschini@wm.edu
Office: Tyler 258
Office Hours: T/Th 5-6 pm, or by appointment.

## TA Office Hours

John Kainer, the course TA, will hold office hours each M/W from 2-3 pm in Tyler 228.

## Required Textbook

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

## Prerequisites

The prerequisite for this course is Econ 102 (Principles of Macroeconomics). You should be familiar with the concepts of supply and demand and have some experience using equations, graphs, and tables to analyze economic situations. Solving systems of linear equations and taking good notes will be very important. Sometimes I will ask you to take derivatives; I will provide a refresher of basic calculus methods, with examples, via a handout posted on Blackboard.

## Important Deadlines

- Add-drop period ends January 31, 2020.
- The last day to withdraw from the course is March 23, 2020.

## Course Description and General Expectations

You will learn theories of measurement for macroeconomic variables, as well as analytical tools and formal models (both static and dynamic). This course follows a modern approach to macroeconomics by building macroeconomic models from microeconomic principles. We study several models, and use them as lenses to examine the world and gain insight. Models differ because they assume different things about the environment in which agents make choices and interact. These different assumptions make them suited to study different things. For example, we will use the static model to 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. We will also discuss search models of the labor market, both one-sided and two-sided, to see how policy and economic conditions can affect standard labor market statistics. 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 appropriate book chapters, complete the problem sets and review solutions, and take notes as required. Lecture will be a mix of slides and working on the board.

## Tentative Course Schedule

**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: One- and two-sided search models of the labor market**
6. Search and Unemployment (Chapter 6)

**Part IV: Economic growth**
7. The Solow Growth Model (Chapter 7)
8. Growth Convergence and Endogenous Growth (Chapter 8)

**Part V: The basic two-period economy**
9. Microeconomic fundamentals (Chapter 9)
10. Credit Market Imperfections (Chapter 10)
11. A Real Intertemporal Model with Investment (Chapter 11)

**Part VI: Money and business cycles**
12. Money, Banking, Prices and Monetary Policy (Chapter 12)
13. Business Cycle Models with Flexible Prices and Wages (Chapter 13)
14. New Keynesian Economics: Sticky Prices (Chapter 14)

**Part VII: Additional topics (as time permits)**
Potential topics: Money, Banking and Inflation (Chapter 17, 18)

## Exams

The examinations will be either multiple choice or graphical/numerical exercises with a model. There are 3 exams total: two in-class midterms and a comprehensive. Below are the exam dates – midterm dates are subject to change but the dates of the final are fixed by the College. The location for all the exams will be the classroom where we have lecture. If you miss a midterm exam, the weight will shift to the final exam. If you do not put your name on the exam, you get no pints. **You must take the final.**

| Exam | Date | % Course Grade |
|---|---|---|
| Midterm Exam I | Tuesday, March 3 | 25 |
| Midterm Exam II | Tuesday, April 7 | 25 |
| Final Exam | 2pm-5pm May 13 (2pm section), 2pm-5pm May 5 (3:30pm section) | 30 |

All material covered before an exam can be asked about in that exam. You can best inform yourself about what material will be on each exam by attending class. Lecture material, class handouts posted on blackboard, and the material covered in the textbook together define the set of material that "fair game" for the exams.

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). Getting credit for this is easy: do your best, turn it in on time, and put your name on it. Problem sets missing a name will receive 0 credit. Problem sets are graded in the following way: completeness gets 4 points, and one question (selected randomly) is graded for correctness for 1 point. Problem sets are not a waste of your time: they are good indicators for what will be on the exams. Due dates for the problem sets will be announced in class, and the problem sets will be posted on Blackboard (with the due date written on them). You may work with other students on assignments. However, you must submit your own solution.  Please make your answers legible. **You must submit your homework at the beginning of the lecture of the due date. Late work will not be accepted.**

## Grades

The following table gives the points and contribution to the course grade of the four graded activities in this course.

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

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

| Grade | Percentile |
|---|---|
| A | 92 |
| A- | 90 |
| B+ | 87 |
| B | 82 |
| B- | 80 |
| C+ | 77 |
| C | 72 |
| C- | 70 |
| D+ | 67 |
| D | 62 |
| D- | 60 |
| F | <60 |

## 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.