

Econ 310 - Section 101

Macroeconomic Theory

FALL 2016

Instructor: Dr. Juergen Jung, Stephens Hall 101K, Office phone: (410) 704-3551 (Economics Department: 410-704-2959), email: jjung@towson.edu

Time and Location: Monday / Wednesday 5:00 p.m. - 6:15 p.m., Stephens Hall 105.

Office Hours: Stephens Hall 101K

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|-----------|-----------------------|
| Monday | 2:00 p.m. - 3:00 p.m. |
| Wednesday | 3:00 p.m. - 4:00 p.m. |

Course Website: <http://pages.towson.edu/jjung/teaching.htm>

Additional required reading will be posted on the class website.

Required Textbook: Stephen D. Williamson: Macroeconomics, 5th edition. If you have the 4th edition it will work fine, just watch out for changes in chapter numbers and titles.

Requirements: This course relies heavily on material you have seen in your previous economics courses. The prerequisites for this course are both principles courses, ECON 201 and ECON 202, and a calculus course, either MATH 211 or MATH 273. Intermediate Microeconomics, ECON 309, is not a prerequisite for the course, however, students with this background will detect some similarities in the concepts covered. There will be some use of calculus in this course, mostly derivatives. I will be stressing economic intuition throughout the course, however, sometimes in economics, mathematical tools are used to make a point more concise. Students should also be comfortable with statistical concepts such as standard deviations and correlation coefficients at the ECON 205 level. Many things, such as budget and resource constraints are conveniently formulated into mathematics and students will be expected to be comfortable performing simple calculations using these concepts. If you find that you do not meet these requirements, contact me after the first class.

Grading: There will be regular reading assignments, some problem sets, two midterm exams, and a final exam. They will count toward the course grade as follows:

| | |
|---------------------|-----|
| Reading assignments | 15% |
| Problem sets | 15% |
| Midterm exam 1 | 20% |
| Midterm exam 2 | 20% |
| Final | 30% |

- **Grading Scale:**

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|-----------|-----------|
| 92 – 100 | <i>A</i> |
| 90 – < 92 | <i>A–</i> |
| 88 – < 90 | <i>B+</i> |
| 82 – < 88 | <i>B</i> |
| 80 – < 82 | <i>B–</i> |
| 78 – < 80 | <i>C+</i> |
| 71 – < 78 | <i>C</i> |
| 68 – < 71 | <i>D+</i> |
| 60 – < 68 | <i>D</i> |
| < 60 | <i>F</i> |

- **Exams:**

| | Date | Time | Room |
|-----------|-------------------------|-------------------|-------------|
| Midterm 1 | Wednesday, September 28 | in class | Classroom |
| Midterm 2 | Wednesday, November 2 | in class | Classroom |
| Final | Wednesday, December 14 | 5:15 pm - 7:15 pm | Classroom |

- **Make-up exams** will NOT be given. You can miss one midterm unexcused. In this case the final will count for 50 percent of your grade. You can only miss one midterm exam. You must not miss the final exam. You must not miss both midterms.
- **Reading Assignments:** Reading assignments will usually be based on chapters in our textbook but could also be articles that I will post on the website. In order to get full points for the reading assignments you will need to go on Blackboard and answer a small number of multiple choice or fill in the blank questions that are directly related to the reading material. These questions will be graded.
- **Problem Sets:** Problem sets are more involved assignments that include mathematics and drawing graphs. Some problem sets will be posted on Blackboard in which case they will be fully graded. Some problem sets will be assigned on paper in which case I will randomly grade certain problems. I will announce the details of this policy in class.

Student Evaluations: Student evaluations of this course play a crucial role in my delivery. This semester, all course evaluations will be administered online during the last two weeks of the course. You will receive an email with a link to the website with directions on how to access the survey. It is vitally important that you complete the survey as I use the results to modify the course and assess my teaching and the University uses the results to address technology and facility needs. You can be assured that your responses will be confidential as the results will be transmitted to me after the grading period and they will not include any identifying information.

No Cell-Phone Policy: When you come to class please turn off your cell phone and store it in your bag. If you use your cell phone in class it will negatively impact your grade.

Students with Disabilities: In accordance with university policy, if you have a documented disability and require accommodations to obtain equal access in this course, please contact me at the beginning of the semester (first three weeks!!) and when given an assignment for which

an accommodation is required. Students with disabilities must verify their eligibility through the Office of Disability Support Services (AD 232).

Course Withdrawal: Please note that the last day to drop the class is **Monday, November 7**. Students dropping on or before this date will receive a “W” on their official transcript. Withdrawal after that date will require an assignment of a letter grade for the course.

Academic Integrity: All students are expected to abide by Towson University’s policy on academic integrity. The policy is available online:

<http://wwwnew.towson.edu/provost/resources/studentacademic.asp>. I will pursue the maximum allowable penalty for any violation of academic honesty or integrity.

Description of the Course

This course is the core course in macroeconomic theory for undergraduate economics majors and for non-majors with appropriate background and are interested in macroeconomic theory and policy. In this class, we will discuss long-run economic growth and short-run economic fluctuations, business cycles. Growth theory describes and explains how economic aggregates (such as output, consumption, employment, inflation, interest rates, trade balances, and exchange rates) evolve on average over time.

Business cycle theory looks at how these aggregates fluctuate around these long-run growth trends. Once we have an understanding about how the economy evolves over time, we can then begin analyzing macroeconomic policies, either fiscal or monetary, and their effects on the economy.

This course has two main objectives. First, by the end of the course everyone should be able to critique articles on economic issues in news publications such as The Economists, the Wall Street Journal, or the New York Times using good economic intuition and knowledge. Second, students should be able to grasp the framework and language of modern macroeconomic theory. Specifically, students should acquire a solid understanding of the workhorse for macroeconomic theory, the neoclassical growth model.

Material: Tentative Outline [Subject to change]

1. Introduction and Overview Syllabus Ch. 1
2. National Income Accounting Ch. 2
3. Business Cycle Facts Ch. 3
4. Consumer Behavior Ch. 4
5. Firm Behavior
6. Closed One-Period Model Ch. 5
7. Introduction to Neoclassical Macro: Malthus Ch. 7
8. Neoclassical Growth Model Ch. 7

9. Neoclassical Growth Model, Endogenous Growth Ch. 8
10. Two Period Model of Savings Ch. 9
11. Ricardian Equivalence Ch. 9
12. Life Cycle Model Lecture Notes
13. Life Cycle Model: Government Finance
14. Real Intertemporal Model with Investment Ch. 11
15. Money, Banking, Prices, and Monetary Policy Ch. 12
16. Business Cycle Theory: Market Clearing Ch. 3,13
17. Business Cycle Theory: New Keynesian Ch. 14
18. Money, Inflation, Banking Ch. 17