

Syllabus for Econ 325: Intermediate Macroeconomic Analysis

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Office Hours: Tue, 4 - 5:00 pm ET (on Zoom) or by appointment
Please email me in advance to schedule on Zoom or in person

Contact: hw2688@umd.edu

Lectures: Mon, Tue, Wed, Thu 5.30 pm – 7.55 pm ET, on Zoom.
Zoom link for lectures and office hours will be posted on ELMS.

Textbook: *Macroeconomics* by Stephen Williamson (5th or 6th eds.)
(*Recommended, but not required*)

DESCRIPTION: A systematic study of how the choices and actions of individual consumers and firms determine economy-wide outcomes such as aggregate output, consumption, investment, and inflation. We will develop models of the economy and discuss empirical evidence on long-run growth, short-run business cycles, and the effects of fiscal and monetary policies on the economy.

PREREQUISITES: Minimum grade of C- in ECON200 and ECON201 and minimum grade of C- in ECON300 (or MATH241 and any statistics course). Must be in the Economics Bachelor of Science program. Credit is only granted for ECON305 or ECON325.

GRADING:

40% = Four assignments (10% each)

30% = Midterm Exam, closed book (tentatively schedule on June 13)

30% = Final Exam, closed book (tentatively schedule on July 5)

A grading curve will be applied to the final grade for the course. See ELMS for dates.

COURSE OUTLINE (SUBJECT TO CHANGE):

1. Introduction and review on mathematics;
2. A one-period economy (Chapter 4 of *Williamson*)
 - Consumer optimization
 - Firm optimization
 - Equilibrium in the labor market
3. General equilibrium in the one-period model (Chapter 5)
 - Equilibrium in the labor market, goods market, and money market

- Shocks to productivity, capital, and government spending
4. Equilibrium and efficiency
 - The labor market: Do wages reflect productivity? Do wages adjust to shocks?
 - The Fundamental Theorems of Welfare Economics

MIDTERM EXAM: Topics 1,2,3,4. Tentatively scheduled on June 13.

5. A two-period economy (Chapters 9, 11)
 - Consumer optimization: adding savings; credit constraints
 - Government borrowing and Ricardian Equivalence
 - Firm optimization: adding capital investment
6. General equilibrium in the two-period model (Chapter 11)
 - Equilibrium in the labor market, goods market, and credit market
 - Shocks to productivity & government spending. News about future productivity
7. Government spending and fiscal multipliers: theory and practice
8. Business cycles (parts of Chapters 12, 14)
 - Monetary non-neutrality : short-run versus long-run
 - A simple sticky price model and how monetary policy works
 - A brief look at modern U.S. business cycles: causes and policy responses
9. Long-run economic growth (Chapter 7, 8) [if we have time]
 - The Solow model and the Golden Rule of capital accumulation
 - Evidence of relative and absolute convergence across countries
 - Trends in inequality and economic mobility within countries

FINAL EXAM: Topics 5,6,7,8 (and 9). Tentatively scheduled on July 5.

POLICIES AND IMPORTANT NOTES:

Lectures are given on zoom and will be recorded if you are not able to make them. That being said, skipping classes is generally not recommended (unless you have a strong reason to do so), since this is a very compact and challenging course; many undergrads regard it as the most challenging one in the department. **Lecture notes** will be posted on ELMS under the tab *Files/Lecture Notes*.

Assignments will also be posted on ELMS and you will submit your work electronically. Please upload your work for each assignment to ELMS, under the tab *Assignments* as a single PDF file. You can use a variety of apps such as *Adobe Scan* to take pictures of your handwritten work and merge them into a single pdf document. You are responsible for double-checking that you have uploaded the correct file each time. Late assignments will not be accepted, unless accompanied by an explanation that complies with University policy (see below) and approved by me.

Midterm and Final exams will consist of 2 problems and 1 short-answer question.

Solutions to assignments and exams will be posted on ELMS under the tab *Files/Solutions*.

All work must be your own, on both assignments and exams. If you observe any conduct or remarks that go against the University's [Code of Academic Integrity](#) or [Non-Discrimination Policy](#), please bring this behavior to our attention.

Re-grading: All questions about your grades and all re-grade requests must be emailed to me within two weeks of the day on which the grade is posted. Your request must give a specific explanation for your concern. The entire exam/assignment will be re-graded, and your final grade may end up higher, lower, or unchanged.

Make-up Policy for Major Scheduled Grading Events: Make-up exams are granted based on compliance with university policy:

Illness (of the student or a dependent), religious observance (where the nature of the observance prevents the student from being present during the class period), participation in university activities at the request of university authorities, or compelling circumstances beyond the student's control. Students claiming excused absence must apply in writing and furnish documentary support for their assertion that absence resulted from one of these causes.

I will use email for individual communication and ELMS announcements for class-wide announcements. You are expected to check ELMS regularly. If you want to reach out to me, please send me emails using your UMD email address with titles starting with "Econ 325" or simply "325". Please do **not** send me messages via elms, since there is a high chance that I will miss them.

Please refer to <http://www.ugst.umd.edu/courserelatedpolicies.html> for additional policies.