

## ECO 305: Intermediate Macroeconomics

### Course Information

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Instructor:	Meeting Time / Location:
James Murray, Ph.D.	9:25am - 10:50am Tuesdays and Thursdays.
Office: 403T Wimberly Hall	Room 203 Carl Wimberly Hall.
Email: jmurray@uwlax.edu	

### Course Description

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Introduction to the theoretical analysis of the aggregate economy. Topics include the essential mathematics of macro analysis; national income accounting; general equilibrium of the product, money and labor markets; Keynesian, Classical, and Monetarist theories; stabilization policies; and economic growth. Prerequisites: ECO 110, ECO 120, MTH 175 or 207.

### Learning Objectives

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For successful learning, it is important that you understand why we do the reading, lectures, assignments, etc, we do. Everything we do in this class is meant to achieve the learning objectives below. It would be useful for you to pay careful attention to what learning objectives the lectures and assignments are meant to achieve. By completing this course, a student will be able to:

1. understand theories for determinants of economic growth, including the impact macroeconomic policies may have on economic growth,
2. understand how supply and demand decisions are made in markets for factors of production, and the implications for equilibrium in these markets,
3. understand how supply and demand decisions are made in markets for goods and services, and the implications for equilibrium in this market,
4. explain various theories for business cycle fluctuations and be able to prescribe and evaluate policy responses,
5. understand the determinants of the demand and supply for money and be able to evaluate the impact changes in the market for money have on the economy as a whole, and
6. accomplish these objectives above using quantitative skills and graphical models of the macroeconomy.

As intermediate macroeconomics is an important element of the economics major, the course-specific learning objectives listed above contribute to the following learning objectives for the economics major:

1. Critical Thinking Skills:
  - (a) Apply economic reasoning to explain social and economic events.
  - (b) Predict the impact of private and public proposals and changing market conditions on social welfare using economic models.
  - (c) Compare the models' strengths and weaknesses in explaining outcomes.
2. Problem Solving Skills:
  - (a) Identify and analyze a problem within the framework of economic models.
  - (b) Evaluate, critique, and formulate solutions to an identified problem.
3. Communication Skills:
  - (a) Communicate effectively the results of economic research and analysis to colleagues and decision-makers through written reports and oral presentations.

## Course Resources

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Primary Textbook: Williamson, Stephen. 2005. *Macroeconomics*. Third Edition. Pearson Addison-Wesley.

Secondary Textbook: Able, Bernanke, and Crushmore. 2008. *Macroeconomics*. Sixth Edition. Pearson Addison-Wesley.

Class websites: <http://www.murraylax.org/eco305/fall2011/>. All material handed out in class will be posted on the class website. Grades, announcements and other communication will be done through Desire2Learn.

## Office Hours

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Regular office hours are 9:00am-11:00am Mondays and Wednesday and Tuesdays and Thursdays 8:00am-9:00am. These are times when you can drop by unannounced and expect me to be in my office. If you would like to make an appointment for a different time, please check my calendar and send me an e-mail. Keeping up with the material usually requires frequent office visits, so frequently coming to my office for questions may be essential to your success.

Office hours are not a substitute for attending class. Except when missing class for very extreme circumstances that were promptly discussed with me, it is not acceptable to use office hours to ask questions about material you missed while not in attendance.

Outside of my regularly scheduled classes and office hours, my availability changes all the time. You can visit my calendar at <http://www.murraylax.org/calendar.html>. It is constantly updated.

## Assessment

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Learning will be assessed through weekly quizzes, homework, and exams. The grading breakdown will be:

Quizzes / In-class Exercises: 10%

Homework Assignments: 15%

Exam 1: 25%

Exam 2: 25%

Final Exam: 25%

## Grade Breakdown

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93-100    A    67-76    C

89-92    AB    57-66    D

81-88    B    0-56    F

77-80    BC

I reserve the right to scale every person's grade up by the same amount on any graded item in the event that much of the class falls short of the scale above. However, even if the grades are significantly low, there is no guarantee that I will ever do this.

## Quizzes / In-class exercises

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There may be many announced quizzes, unannounced (pop) quizzes, and in-class exercises given throughout the semester. Adequate preparation for these will involve reading ahead for class and completing homework assignments on time. Classes will begin with your questions so that you can resolve any problems with assigned work before the quiz begins. Quizzes may sometimes be open book and/or open note. Sometimes in-class exercises will be given, some of which must be done in small groups.

## Homework

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Homework assignment will be given almost every week. The homework assignments involve problem solving questions closely resembling your exam questions. Homework assignments will likely be time consuming, so start them early leaving enough time for you to finish and enough time for you to ask me questions as needed.

## Exams

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There will be two mid-term exams and one final exam. Exams involve problem solving (math and graphing) questions and discussion of the results as it relates to macroeconomic issues and policy. Each exam is cumulative and is worth 25% of final course grade. Unless otherwise enforced by university policy, you must take the final exam at the scheduled time given below. The exam dates are as follows:

- Exam 1: Thursday, October 13.
- Exam 2: Thursday, December 1.
- Final Exam: Saturday, December 17 at 7:45am.

## Attendance

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Attendance is required to receive credit for quizzes, in-class exercises, and exams. However, if you need to miss a class day or exam day because of illness or emergency you can be excused and arrangements can be made for you to make up missed work.

## E-mail Guidelines

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I insist on the following e-mail etiquette rules (many of these are also recommended by the College of Business Administration). Failure to adhere to these guidelines will result in a reply with a friendly reminder to follow these e-mail guidelines.

- Allow one business day to elapse before getting a reply.
- Questions sent by e-mail should be able to be answered with only a few words, such as 'yes' or 'no' questions. Questions whose answers involve explaining class material are not appropriate over e-mail. For answers to these questions you should come to office hours, or send an e-mail requesting we meet at a different time.
- Always include a subject that is brief but still has sufficient detail, *including the class you are in (ECO 305)*.
- Look at your class notes and syllabus before sending an e-mail. Do not ask a question whose answer is on the syllabus or announced in class (unless you missed class for a legitimate reason).
- Always spell check, grammar check, and re-read your e-mail before sending it.
- When requesting to meet with me outside of regularly scheduled office hours, consult my calendar (<http://www.murraylax.org/calendar.html>) and suggest a time we meet in your first e-mail correspondence.

## **Classroom Behavior**

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Please adhere to these behavior guidelines:

- No using mobile phones or other personal electronics during class (i.e. no text messaging, e-mailing, or surfing the web with mobile phones). If you do text message during class, you agree to give me the right to take your phone for the remainder of the class, and write my own text message from your phone to whomever you were communicating with.
- Using laptops during class is not recommended. If you insist, laptops should be used for note-taking purposes only. You cannot use it for e-mail, surfing the web, or any other applications. Due to the nature of the course material (lots of graphs, math, etc), taking notes on a laptop would not be very effective.
- Please refrain from talking to those around you when I or one of your classmates is talking to the whole class. Even if you have a quick question like, “What did he just say?” do not whisper the question to your neighbor. Instead ask me.

## **Disabilities**

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Any student with a documented disability (e.g., physical, learning, psychiatric, vision, or hearing, etc.) who needs to arrange reasonable accommodations must contact the instructor and the Disability Resource Services office (165 Murphy Library, 785-6900) at the beginning of the semester. Students who are currently using the Disability Resource Services office will have a copy of a contract that verifies they are qualified students with disabilities who have documentation on file in the Disability Resource Services office. It is the student’s responsibility to communicate their needs with the instructor in a timely manner.

## **Academic Dishonesty**

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I follow the policy stated University Academic Handbook with regard to cheating and academic dishonesty. The student handbook can be found online at [http://www.uwlax.edu/studentlife/eagle\\_eye.htm](http://www.uwlax.edu/studentlife/eagle_eye.htm). In the event a student is caught cheating I will pursue the harshest penalty that the University will allow, regardless of how small the offense may appear.

## Preliminary Topics Schedule

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Below is list of topics and the main readings for this class. This is a preliminary schedule; depending on time constraints and the topics the class finds most interesting, we may choose to not cover some of the items below, cover items that are not shown below, or re-arrange the schedule. Details about the dates these topics are covered will be posted on the calendar on the class website,

<http://www.murraylax.org/eco305/calendar.html>

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### 1. Introductory Material:

- (a) Business cycle measurement (Williamson, Ch 3)
- (b) Modeling consumer and producer behavior (Williamson, Ch 4)
- (c) One-period closed economy model (Williamson, Ch 5)

### 2. Economic Growth:

- (a) Malthusian and Solow growth models (Williamson, Ch 6)
- (b) Endogenous growth models (Williamson, Ch 7)

### 3. Intertemporal Modeling of Money and Business Cycles:

- (a) Saving and government deficits (Williamson, Ch 8)
- (b) Investment (Williamson, Ch 9)
- (c) Real business cycles (Williamson, Ch 11)
- (d) New Keynesian (sticky prices) business cycles (Williamson, Ch 12)

### 4. Advanced Topics (time permitting)

- (a) Theories for unemployment (Ch 16)
- (b) Credit market imperfections (external reading)
- (c) Advanced topics in monetary policy (Ch 17)