

University of Richmond
Economics 272 : Macroeconomic Theory
Fall 2015
Section 01 : Tuesday/Thursday 12:00 - 1:15

Instructor

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Course Description

This course is a theoretical, institutional, and empirical study of national income distribution, inflation, unemployment, economic stability, and the rate of growth. Explores domestic and international macroeconomic policy issues. Examines the development of macroeconomic theories.

The aim of this course is to provide a formal exposition of modern macroeconomics. I will start building up from what is generally covered in Principles of Macroeconomics and expand on it; yet, our analysis will be conducted in a more rigorous fashion. For this reason, the tools you've learned in your calculus prerequisite will prove useful (I'll do a small review before using them); even though this is not a microeconomics course, it will also be important to keep in mind the micro foundations from which we produce our aggregate variables in order to maintain a clear idea of what's going on behind the results we derive.

Currently, there is no "definite" approach to teaching an intermediate macroeconomics course. While you should be familiar with the Keynesian model (most likely this comprised a portion of your syllabus in Econ 212), I'll primarily be focusing on Real Business Cycle (RBC) frameworks in the course. The reason is simply that the RBC model is the workhorse of modern macroeconomics (at the research frontier).

An important goal of the course is to test important theoretical results on real-world data and examples, but furthermore, to provide you with an opportunity to get familiar with the most important databases and give you tools to analyze them.

Course Resources

The primary resources for this course will include reading assigned from the textbook and from popular news outlets.

- Recommended textbook: Macroeconomics, Williamson, 5th edition, ISBN: 978-0132991339
- Selected news articles to be posted on blackboard.

Important Information

1. I will try to incorporate current topics of interest by reviewing recent news items. I encourage you all to participate in these discussions.
2. Students are responsible for material covered in both the lecture and supporting material in the mentioned chapters of the textbook. Everything discussed in class is part of the course and will appear on exams.
3. This is a three unit course, meaning that in order for students to achieve an average grade they should put in at least 10-14 hours per week on this course in addition to class time.
4. Please attend all class lectures. If you miss any, please make sure you get lecture notes from your classmates.
5. If you come to class, you are required to arrive on time and not leave early. Coming in late and leaving early is disruptive and disrespectful of the instructor and your peers.
6. University provided documentation for any absences or excuses from graded work due to a university approved event, including but not limited to athletic events, must be provided to me in a timely fashion. I am not required to, and will not entertain, documentation for retroactive accommodations.
7. Students needing to miss class because of religious observance should contact me within the first two weeks of the semester to discuss the absence. The University's full religious observance policy may be found at

<http://registrar.richmond.edu/services/policies/religiousobsv.html>.

8. If you experience difficulties in this course, please do not hesitate to consult with me. There are also other resources available on campus that can support you in your efforts to meet course requirements. These resources include, but are not limited to, the Academic Skills Center (<http://asc.richmond.edu>) and Counseling and Psychological Services (<http://caps.richmond.edu>).
9. There is a formal process at UR for registering a disability, and requesting and receiving appropriate accommodations due to a disability. Students with learning disabilities, attention deficit disorders, and psychiatric disabilities should contact Counseling and Psychological Services, and students with physical or medical disabilities should contact the Student Health Center. More information about who to contact can be found at

<http://studentdevelopment.richmond.edu/disability-services>.

If you have a disability and may need accommodations of some kind in this course, please make an appointment with me during the first week of class. Please also submit a copy of your official UR 'Disability Accommodation Notice' (DAN) for my records. I cannot provide any accommodations without a DAN form. Also, please note, other than in very rare circumstances, I am not required to provide retroactive accommodations or required to provide accommodations that have not be submitted in a timely fashion. I strongly urge you to contact me with your DAN form as soon as possible.

10. **Electronic devices (cell phones, computers, ipads) are not allowed in the class, unless I explicitly say that we will be reviewing something that requires a computer.** If you feel like you need a computer for some reason, please talk to me about it. **If I see you texting in class, I reserve the right to read the text aloud to the class.**

Course Website and Email Policy

All assignments and other relevant material will be posted on the class blackboard site. Please check the website regularly.

Email is the best way to reach me. Allow up to 24 hours for email responses. Emails must be professional and respectful and please make sure to sign them at the bottom. It is often difficult to tell from the email address the identity of the sender. The right is reserved to not respond to any emails deemed inappropriate by the recipient.

Homework and Class Participation

You will be assigned several problem sets this semester. They will be posted on the course's website. All problem sets should be typed, yet graphs and algebra can be hand-written as long as they are clear and legible. (Please staple your assignment, as I am not responsible for missing pages in your problem sets.)

Work that is not typed gets an automatic discount of 50% off the final grade. Homework assignments that are not turned in by the beginning of class on the day that they are due will not be accepted and will result in an automatic grade of zero for that assignment. Of course, a documented family or medical emergency may exempt you from this rule. The lowest homework grade will be dropped.

I encourage you to work in a group to discuss and solve the problem sets; students will submit one assignment per group. The grade on each assignment will consist of two portions: the group grade and the individual grade. The group-submitted assignment will be graded in full and the group members will all receive the same grade for this portion of the homework grade. I will assign a grade of 100% if the group gets at least 80% of questions correct and a grade of 0% will be assigned if the group gets less than 80% of the problems correct. In addition to the group grade, we will have an in-class homework quiz which will count for your individual grade. I will randomly select one of the question from the assignment and you will have 10 minutes at the beginning of the class period in which the homework is due in order to complete the problem. This will count as the individual portion of the homework assignment. The group portion and the individual portion will each count as half of the total points for the assignment.

LATE HOMEWORK ASSIGNMENTS WILL NOT BE ACCEPTED.

I WILL DROP THE LOWEST HOMEWORK GRADE.

Exams

Midterm: October 8 in class

FINAL EXAM: December 14, 7:00 p.m.

We will hold a short review before the midterm and final exam. This is to answer questions about class material and provide you with the exam format. It will be student-driven, meaning that your questions will guide what is covered in the review.

IMPORTANT: I do not do make-ups for any of the exams. If you miss an exam and have a valid excuse, I will re-weight the other exams to calculate your final grade.

Grading Policy

After you have taken the midterms and the final, your grade will be calculated in 2 ways:

	Weight I	Weight II
Class participation	10%	10%
Homework	30%	30%
Midterm	25%	30%
Final Exam	35%	30%

Your grade is determined by whichever method gives you the higher score. The procedure is done automatically, so you do not need to request it.

Grading Scale

Points	Grade
94.00 and Above	A
90.00 to 93.99	A-
87.00 to 89.99	B+
84.00 to 86.99	B
80.00 to 83.99	B-
77.00 to 79.99	C+
74.00 to 76.99	C
70.00 to 73.99	C-
67.00 to 69.99	D+
60.00 to 66.99	D
59.99 and below	F

The cut off lines given above are unalterable. If you get a 79.99, you will get a C and not a B.

I WILL NOT CHANGE YOUR GRADE

Grade Disputes for Exams

Challenges to a grade may be presented in writing explaining why you believe you deserve a different grade. I reserve the right to regrade the entire assignment/exam, in which case your grade may be raised or lowered. All disputes must be submitted within 7 days of the return of the assignment.

Academic Dishonesty

The test-taking period begins when a student is handed the question sheet and ends after the student's answer sheet has been collected. During the test-taking period, a student may not speak with any other student, nor use any communication device or notes. Any violation of this rule, regardless of the subject matter of the communication, is considered a form of academic dishonesty, and it will not be tolerated in this class. Additionally, I will ask each student to turn off his or her phone and put it in a box at the front of the room at the beginning of the exam, to be picked up once they have submitted the exam to me. I take the University's honor code very seriously and trust that all students have read and understood it.

Tentative Course Outline

- I. Introduction and Measurement Issues
 - (A) Introduction and Review of Micro & Math (Ch 1)
 - (B) Measurement (Ch 2)
 - (C) Business Cycle Measurement (Ch 3)
- II. One Period Model of the Macroeconomy
 - (A) Consumer and Firm Behavior (Ch 4)
 - (B) Closed Economy One-Period Model (Ch 5)
- III. Two-Period Models: Savings and Investment
 - (A) A Two-Period Model: Consumption/Savings Decision and Credit Markets (Ch 9)
 - (B) A Real Intertemporal Model of Investment (Ch 11)
 - (C) Credit Market Imperfections: Credit Frictions, Financial Crises, & Social Security (Ch 10)
- IV. Unemployment
 - (A) Search and Unemployment (Ch 6)
- V. Economic Growth
 - (A) Economic Growth: Malthus and Solow (Ch 7)
 - (B) Income Disparity Across Countries and Endogenous Growth (Ch 8)
- VI. Selected Topics (Time Permitting)
 - (A) Money, Banking, Prices, and Monetary Policy (Ch 12)
 - (B) Business Cycle Models with Flexible Prices and Wages (Ch 13)
 - (C) New Keynesian Economics: Sticky Prices (Ch 14)
 - (D) Money, Inflation, and Banking (Ch 17)
 - (E) Inflation, the Phillips Curve, and Central Bank Commitment (Ch 18)

Important Dates

- Aug 24: First Day of Class
- October 8: Midterm
- October 13: Fall Break - No Class
- November 26: Thanksgiving - No Class
- December 3: Last Day of Class
- December 14: Final Exam, 7 pm