Economics 301: Intermediate Macroeconomics  
Fall 2015

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Course Description
The first half of the course focuses on microeconomic foundations and the long-run economy. We will investigate how the interaction between households and firms determines the equilibrium levels of macroeconomic variables such as consumption, investment, productivity, and employment. We will end our study of the long run by considering how factor accumulation (e.g., capital and labor) and technological progress interact to determine the growth rate of the economy.

The second part of the course focuses on the behavior of the economy in the short run. There is considerable disagreement about the causes and cures of the business cycle. Classical economists assume that prices and wages adjust quickly to restore equilibrium, and argue that markets are self-correcting. Keynesians believe that prices are sticky and that shocks can push the economy away from a long-run equilibrium. We will examine both of these views in terms of a common analytical framework, the IS-LM model, and consider whether their predictions are consistent with evidence. Finally, we will consider open economy macroeconomic issues including determination of exchange rates, trade deficits and international financial crises.

Throughout the course, we will use the models we are learning to understand events in the real world. With the national elections getting an early start, candidates will be making economic claims and we can evaluate these claims. We will also monitor the economy’s continuing recovery from the worst recession since the Great Depression.

Course Objectives
I expect students to learn how the economy works. This includes being able to intelligently read and critique news articles about the economy, evaluate policy recommendations, and understand and evaluate economic arguments made by politicians.

Course Materials
Textbook
The textbook for this course is Macroeconomics, 8th ed. by Andrew Abel, Ben Bernanke, and Dean Croushore (Addison-Wesley, 2014), which is available at the campus book store. You may choose to purchase the sixth or seventh edition of this book at the cost of losing some discussion of recent economic events, but with the benefit of a lower price. The textbook is essential to understanding the course. DO NOT TRY TO TAKE THE COURSE WITHOUT THE BOOK! Purchase it as early as possible.
News
You are required to choose a source of good economic reporting, (possibilities include The Wall Street Journal, New York Times and The Economist) and keep up with current economic events over the course of the semester. We will discuss articles on current events in class, and you get credit toward class participation by selecting relevant articles to bring to class and being prepared to discuss them. Current events will be on exams.

Prerequisites
The prerequisite(s) for Eco 301 are: Eco 110; Eco 111 with a grade of C or better; and Mat 101, 106, 111, 112, or 118, or Eco 210. The Economics Department intends to deregister students whose Albany course records do not show that the required courses were completed with passing grades; concurrent enrollment is not sufficient. The deregistration may occur as late as the end of the semester, and students will be assigned a W grade by the Registrar. Individual exceptions to the prerequisite requirements require written permission of the instructor and approval by the Director of Undergraduate Studies in Economics during the drop/add period. Students who have taken a required course elsewhere that is not yet on their Albany records should ask for an exception.

Grades
First exam 25%
Second exam 25%
Final exam 34%
Homework 8%
Class participation and quizzes 8%

Homework
There will be approximately 6 problem sets assigned during the semester, and I will calculate your problem set grade based on the best 5. Collaboration is allowed and encouraged. If you do work with others to figure out the answers, write up the answers on your own. I will not count homeworks which are identical to those of other students or identical to earlier versions of my answer keys because identical answers indicate that you copied without understanding. Problem sets will be graded by your TA on a scale of check-plus, check, and check-minus. For credit, problem sets must be turned in at the beginning of class on which they are due. Problem sets turned in later receive no credit. Since you are free to drop a problem set, there are no excuses for missed or late problem sets.

Class Participation and quizzes
I expect you to be present and prepared for each class. Please read the chapters before class so that you can ask and answer questions in class. I will take attendance on an irregular basis. I will also give short (one-minute) pass-fail quizzes at the end of class on an irregular basis. Both count toward your class participation grade. Bringing relevant news article to class and being prepared to discuss them counts toward class participation.
Exams
There will be two midterm exams and a final. The first exam will be given in class on October 6, and the second will be given in class on November 3. The date of the final is determined by the university exam schedule and will be December 17 from 1:00-3:00. The exams will test material from lecture, problem sets, readings, and current events.

Important Dates

Exam 1 October 6
Exam 2 November 3
Final Exam December 17

Policy on exam absence
There are no make-up exams given for the mid-terms. If it is necessary for you to miss a mid-term examination, you must present a verifiable and reasonable excuse as soon as possible. This will entitle you to count the grade on your final exam in place of the grade on the missed mid-term exam. In the event of a missed mid-term, it is advisable that you study for and take the exam for practice, after it has been given to the class.

My Expectations of You

1. **Attend class and pay attention.** I realize that sometimes it is necessary for you to miss a class, but these misses should be rare events. Do not ask me for an excused absence – just make sure that you do not have many absences.
2. **Read the textbook chapters,** preferably before class.
3. **Work hard on all homeworks and turn them all in on time.**
4. **Practice drawing each graph** we did in class before the next class. A good way to do this is to print the lecture slides before class and use blank space on the slides to draw graphs. After class, use the lecture slides on the internet and try to reproduce the graph we did in class without consulting your class notes. Use your notes to see whether or not you are correct. Continue to work on each graph until you understand it.