

**Instructor:**

Brad Humphreys

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Tuesday-Thursday 1:00 - 2:30 and by appointment

**Course Web Page:**<http://www.umbc.edu/~humphrey/econ312.htm>

**Course Description:** This course analyzes economic aggregates, or the “macro” economy. It develops an aggregate demand-aggregate supply model to explain the determination of the economy’s aggregate output of goods and services, the price level and the level of employment. The model is then expanded and applied to such persistent macroeconomic issues as fiscal and monetary policy, inflation and unemployment. A simple economic growth model is developed to analyze the determinants of economic growth and the relationship between economic growth and economic welfare. Sources of instability and the role of stabilization policies in closed and open economies are analyzed, along with some of the central controversies in macroeconomic theory and policy.

**Prerequisites:** It is assumed that all students have completed the prerequisite courses (ECON 101 and ECON 102) with grades of C or better. A sound working knowledge of algebra is essential. Intermediate Microeconomic Analysis (ECON 311 or equivalent) and a semester or more of calculus will be helpful, but are not prerequisites for the course

**Required Text:** Robert J. Gordon. *Macroeconomics*, 9th edition. Boston: Pearson Education, 2003.

**Course Grade :** Your course grade will be based on the numerical average of two (2) announced examinations given during the semester and a comprehensive final examination. An unexcused absence from an examination will result in a zero (0) on that examination. Unexcused absences from 2 or more exams, or from the final examination will result in a failing grade (F) for the course. NOTE: CONFLICT WITH END OF SEMESTER TRAVEL PLANS IS NOT AN EXCUSE FOR MISSING THE FINAL EXAMINATION!

Element	Date	Weight
Exam #1	Thursday, February 26	30%
Exam #2	Tuesday, April 6	30%
Final Exam	Tuesday, May 18th, 10:30am	40%

**ATTENDANCE:** Regular class attendance is strongly recommended. Students are responsible for all material presented in class (including announcements) whether they are present or not.

**Academic Integrity:** Students must verify that all work on examinations is their own, and that they neither received no assistance from, nor provided assistance to any other person in completing

examinations. Unexplainable similarities of answers will be considered evidence of cheating. the use of palm pilots, personal data assistants and other hand-held computers on examinations is considered cheating. This is the only warning you will receive on academic dishonesty in this class.

**Mailing List:** A mailing list has been set up for this course to serve as a “24-7” tutorial and to extend the course beyond classroom time. Students should use the list to ask questions about the material, assigned problem sets, exams, etc. and to interact with other students. I will use the list to update assignments, exam dates and other class items and to distribute solutions to sample examination questions. Students who have submitted their e-mail addresses at registration have been added to this mailing list for this course. You can be added to the list by sending me your preferred e-mail address. You can access the list at *econ312-bh@listproc.umbc.edu*.

*Note:* You will need Adobe Acrobat Reader installed on your computer to read the sample exams and solutions to problem sets sent to the mailing list. *Caution:* Anything you send to the list goes to everybody on the list (including me!), so send derogatory comments about me and other confidential messages to individuals and not to the list.

### Course Outline

Week of	Topic	Chapter
27 January	Overview	1
	Measuring Economic Aggregates	2
3 February	The “Simple” Keynesian Model	3
10 February	The IS/LM Model	4
	The Monetary and Financial Sector	13.1-13.6
17 February	The Elements of Monetary and Fiscal Policy	5
	Monetary and Fiscal Policy in an Open Economy	6
	No Class Thursday February 19!	
24 February	<b>Exam #1, Thursday, February 26</b>	All above
2 March	Completing the Aggregate Demand - Aggregate Supply Model	7
9 March	Inflation	8
	The Macroeconomics of Unemployment	9
16 March	Growth Theory	10
30 March	Economic Growth Issues	11
	Economic Growth and Macroeconomic Policy	12
	<b>Exam #2, Tuesday, April 6</b>	All above
13 April	Money and Instability	13.7-13.8
20 April	Stabilization Policy in an Open Economy	14
27 April	Consumption and Instability	15
	Investment and Instability	16
4 May	New Classical and New Keynesian Macroeconomics	17
	Conclusions: Where We Stand	18
11 May	<b>Final Exam, Tuesday, May 18th 10:30am</b>	All Above