



## Master of Professional Studies in **APPLIED ECONOMICS**

### **Econ 642: Topics in Applied Macroeconomics Course Information and Syllabus Summer 2017/18**

Professor: Cynthia Doniger  
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Office Hours: Mondays, 6:15-6:45 and by appointment

Lecture: Mondays, 6:45-9:30 p.m.  
(There will be a 15-minute break at some point between 7:45 and 8:30)  
Location: 1400 16th Street, Washington D.C., suite 140

Teaching Assistant: Shanxiao (Shanny) Wang  
E-mail: WangS@econ.umd.edu  
Office Hours: Mondays 5:00-6:30

## **Course Objectives**

The Applied Economics program has 7 general learning outcomes for students:

- 1. Ability to understand, evaluate and analyze economic data**
- 2: Ability to understand and interpret statistical evidence from economic data
- 3: Ability to apply empirical evidence to assessing economic arguments**
- 4: Ability to apply macroeconomic theories to policy discussions**
- 5: Ability to apply microeconomic theories to policy discussions
- 6: Ability to communicate economic ideas to a broader audience**
- 7: Ability to evaluate the effectiveness of policy programs using sound economic techniques

The learning outcomes that pertain to this course are: *1, 3, 4 and 6* with particular emphasis on 4 and 6.

In this class we will develop models to explain the performance and structure of the economy as a whole in both the long and short run. These models will provide a set of tools to understand the determinants of gross domestic product, inflation and unemployment and the effects of monetary and fiscal policies on these variables. By the end of the course you should be able to analyze the economic effects of government policies and identify and interpret key leading and lagging economic indicators.

## Course Materials and Required Textbook

The course will focus primarily on lecture materials and supplemental readings from the news or research papers. This will be supplemented by two required textbooks, from which I will assign suggested readings and homework problems. Optional textbooks are listed for those interested in additional detail or more advanced treatment.

Required Textbooks: *Macroeconomics*, N. Gregory Mankiw, 8<sup>th</sup> or 9<sup>th</sup> Ed, 2013 (2015).  
*Intermediate Macroeconomics*, Julio Garín, Robert Lester, & Eric Sims, mimeo, 2017.  
[http://juliogarín.com/files/textbook/GLS\\_Intermediate\\_Macro.pdf](http://juliogarín.com/files/textbook/GLS_Intermediate_Macro.pdf)

Optional Textbooks: *Macroeconomics*, Stephen Williamson  
*Advanced Macroeconomics*, Romer (*First-year PhD-level*)

For each lecture topic, I will recommend a combination of readings from Mankiw's *Macroeconomics* text and the manuscript for Garín, et al's *Intermediate Macroeconomics* text available online. You do not have to read all of the assigned chapters page by page, but should instead use these texts as resources to fill in blanks in your understanding from lecture or get a sense of what we will cover in class the following week. The two primary texts (Mankiw and Garín, et al) largely overlap in their content, so reading both may be redundant at times. Mankiw tends to focus on high-level intuition with less math, whereas Garín works through models and empirical facts a little more. Use the one that helps you the most.

For problem sets, I will provide page and question numbers corresponding to the 8<sup>th</sup> and 9<sup>th</sup> editions of Mankiw. If you choose to purchase a different edition, it will be up to you to find the corresponding page and problem numbers.

Note the optional textbooks (especially Romer) may be beyond the scope of this class, but may be useful for those interested in more in-depth mathematical foundations for some of the models we will discuss. Topics covered in those texts largely overlap the ones covered in our class.

## Course Grading

The course grade will be averaged together with the following weights:

Midterm Exam	30 %
Final Exam	30 %
Problem Sets (4 problem sets, 2.5% each)	10 %
Oral Presentation	10 %
Written Report	10 %
Online Discussion	10 %

Midterm and Final Exams: The midterm will be 90 minutes long, and will be held during the first half of class on **July 9**. The final exam will be 2 hours long held during the last class session (**August 20**). The mid-term will cover material covered through July 2. The final will be

comprehensive, with most of the emphasis on material covered after the midterm. Practice exams handed out prior to the exams will give you an idea of the content, difficulty, and format.

*Scheduling conflicts with exam dates must be cleared well in advance with the instructor.*

*Problems regarding exam grading must be submitted in writing within 1 week of receipt of the said exam. Unless the error is simply in tabulating points, the entire exam will be re-graded following receipt of a written request for a re-grade.*

**Problem Sets:** There will be four problem sets due at the beginning of class, to be submitted electronically via ELMS. You may work together on the problem sets, but please write and submit your answers separately. Students are highly encouraged to meet with the TA to discuss any questions regarding problem sets, noting the exams strongly relate to the problem sets. Note that all submissions after the start of class hours will be considered late (see Late Penalties section below).

**Oral and Written Report:** Working in teams students will complete the Fed-Challenge: Teams must prepare and deliver a 15-minute presentation on the economy that:

- addresses current economic conditions;
- forecasts near-term changes in economic and financial conditions of critical importance to monetary policy (such as unemployment, inflation and output);
- identifies possible economic, financial and international issues that might present either positive or negative risks to the economy; and
- recommends a monetary policy response based on the above conditions.

Presentations will occur on **August 13** and will be accompanied by a written report. The written report must be submitted via ELMS by the beginning of class on **August 13**. Each student will also have to respond individually to a Q&A as part of the presentation. The written report should also be divided into sections with each teammate being lead author on at least one section.

**Online Discussion:** We will also hold a weekly online discussion under the “Discussion” tab on the class ELMS site. Discussions will generally open on Monday after class and stay open until midnight Tuesday. I will provide a discussion topic/question each week and participate in the discussion to ensure it stays on track. Topics will typically be an extension or application of materials covered in lectures the prior week, and I encourage you to look for resources and facts outside of the “required” materials to support your claims in the discussion. In order to encourage discussion, each week students must make at least two posts, at least one of which must respond to another student’s post. You will be graded on participation, content, and evidence of some research on background and facts. Further details regarding discussions and grading will be posted on the ELMS site.

## **Late Penalties**

All homework assignments and discussions are subject to late penalties. Any assignment that is not submitted in paper or electronically by the *beginning of class* on the due date is considered late. Late penalties will apply in all cases except when prior approval is obtained.

The penalties for problem sets and written assignments are as follows: 20% for first day, 25% for second day, 30% for third day, 35% for fourth day, 40% for fifth day, 45% for sixth day, 50% for seventh day and so on. For online discussions, a written response may be handed in up to one week

after the discussion has closed for maximum 50% credit. No credit will be given for online discussions submitted more than one week late unless prior approval is received.

## Final Course Grades

Final letter grades are based on the weighted score and performance relative to the class. Numerical course grades will be curved depending on the distribution of grades in the class, and approximate curved grades will be provided at various points in the course. While the course will not adhere to a grade quota, the approximate grade distribution in my past classes have been slightly less than half of the class getting A's (A-, A, or A+), and roughly half getting passing B's (B, or B+). A minority of students that do not display sufficient proficiency of the material or fail to participate fully in class will be given a B- or lower.

In unusual circumstances that are documented with the professor beforehand, an Incomplete ("I") may be given as a grade until the student completes requirements for the course. These will be handled on a case-by-case basis if there is clear evidence that more time is needed for a student to complete the course.

## Course Outline

We will meet 12 times, with an in-class mid-term exam and a final exam. The course outline is divided into 9 topics, which should roughly correspond to 1-2 lectures each. Lectures will consist of slides and board work. While slides will be posted to the webpage, you are responsible for taking notes on what is discussed in class and all board work.

For each topic, I've listed the primary reading from Mankiw (M) and Garín, et al (GLS). In addition, I will post additional readings (some optional, some mandatory) on the first and last page of each set of lecture slides.

**\*\*\*This outline is tentative and subject to change.\*\*\***

Date	Topic/Primary Reading	Assignments/Due Dates
June 4	1. Introduction, Data/Measurement, Math Review  M: Chapters 2-3 GLS: Chapter 1 (Chapters 2-3 may be helpful)	PS1 assigned
June 11	2. Households: Consumption, Labor Supply  M: Chapter 16 GLS: Chapter 8 – 9, 11.2	
June 18	3. Firms: Labor Demand and Investment, Investment-Savings Equilibrium  M: Chapter 17 GLS: Chapter 11	PS1 due (beginning of class) PS2 assigned
June 25	4. Trend vs Cycle, Solow Growth Model  M: Chapters 8-9 (focus on Ch 9) GLS: Chapters 5-7 (focus on Ch 6-7)	
July 2	Finish up (first half of class) Midterm Review (second half of class)	PS2 due (beginning of class)

July 9	<b>Midterm Exam (First half of class)</b> 5. Money, Prices, and Inflation in the Long-run (after exam/break)  M: Chapters 4-5 GLS: Chapter 18	<b>Midterm Exam</b>
July 16	6. Neoclassical Model of Business Cycles  M: Chapters 10-12 GLS: Chapters 15, 17, 21-22.1 (Note: Textbook graphs are little different from class in how they get to IS and how they deal with prices, but same underlying model and results.)	PS3 assigned
July 23	7. Revisiting Data/Measurement 8. Sticky Prices and Wages  M: Chapter 14 GLS: Chapter 21	
July 30	9. Fiscal Policy  M: Chapters 18 GLS: Chapters 22 – 23,	PS3 due (beginning of class) PS4 assigned
August 6	9. Monetary Policy  M: Chapters 19 GLS: Chapters 25 – 26	
August 13	<b>Oral presentations</b> Finish up and Review (second half of class)  M: TBD GLS: TBD	<b>Written Report due (beginning of class)</b> PS4 due (beginning of class)
August 20	<b>Final Exam</b>	

# Standard Policies for the Program and the University of Maryland

**Course Website:** Copies of the course syllabus, your grades, and other relevant links and documents will be posted on the course's ELMS/Canvas website. You can access the site via [www.elms.umd.edu](http://www.elms.umd.edu). You will need to use your University of Maryland "directory ID" and password.

**Email:** Email is the primary means of communication outside the classroom, and I will use it to inform you of important announcements. Students are responsible for updating their current email address via <http://www.testudo.umd.edu/apps/saddr/> AND for paying attention to messages I send to the class via ELMS. Failure to check email, errors in forwarding email, and returned email due to "mailbox full" or "user unknown" will not excuse a student from missing announcements or deadlines. I will do my best to respond to email within 36 hours.

**Contact Hours:** Three credit courses at the University of Maryland require a minimum amount of contact between instructors and students. Our courses' 12 weekly 3-hour meetings only satisfy 80% of the university's contact requirement. The other 20% is satisfied by weekly mandatory and graded online contact. In principle, the contact hours requirement could be satisfied by scheduling 3 additional 150-minute meetings per term, or 6 additional 75-minute meetings, or 10 additional 45-minute meetings. But in practice the contact hours requirement is satisfied by the weekly online discussions. The weekly online discussions are a more flexible way to ensure that our program's courses in DC provide the same level of student-instructor contact as the traditional 15-week, face-to-face, version of the same course when it is taught on campus in College Park.

**Work Load:** Mastering the material covered in this course requires a significant amount of work outside of class. Students should expect to spend more time outside of class than in class – typically at least twice as much time. The courses in our DC program are 12-week courses that cover all the same material as a traditional semester-long 3-credit course (15 weeks). The compressed schedule makes it possible to complete our degree in just 15 months if you take 2 courses each term. But the compressed schedule also implies an accelerated pace with an average of 25% more work per week in a given course ( $15/12 = 1.25$ ). The normal full-time load in a master's program is 3 courses per semester, or 6 courses per year. The weekly work load when taking 2 of our courses per term is equivalent to the load from 2.5 "normal" 15-week courses - so  $2.5/3.0 = 83\%$  of a full-time load. Students who take 2 courses per quarter in our program complete 8 courses per year. So over the course of a year, taking 2 courses per quarter in our program is equivalent to 133% of a full-time load ( $8/6 = 1.33$ ).

**Academic Integrity:** The University of Maryland has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. This Code sets standards applicable to all undergraduate and graduate students, and you are responsible for upholding these standards as you complete assignments and take exams in this course. Please make yourself aware of the consequences of cheating, fabrication, facilitation, and plagiarism. For more information see [www.studenthonorcouncil.umd.edu](http://www.studenthonorcouncil.umd.edu).

**Student Conduct:** Students are expected to treat each other with respect. Disruptive behavior of any kind will not be tolerated. Students who are unable to show civility to one another or myself will be referred to the Office of Student Conduct. You are expected to adhere to the Code of Student Conduct.

**Excused Absences:** The University of Maryland's policy on excused absences is posted here: <http://www.president.umd.edu/administration/policies/section-v-student-affairs/v-100g>

Please note:

If you miss any class meetings for any reason, you are still responsible for all material covered during the meeting you missed. It is your responsibility – not the instructor's – to get yourself caught up in the course. Instructors routinely facilitate things by posting lecture notes, etc.

If you need to miss an exam or other graded course requirement because of illness, injury, or some other emergency: Follow doctor's orders and get documentation. Get in touch with the instructor as soon as you're able – preferably prior to missing the exam or deadline. Communicate with the instructor to make up the course requirement as soon as possible. You are entitled to recover before you make up the course requirement, but you are not entitled to extra days to study beyond the time the doctor's note says you're incapacitated. If you are incapacitated for more than a week or so beyond the end of the term, your grade in the course will be an "Incomplete". In such cases you must negotiate a plan with your instructor for completing the course requirements. Once you make up the course requirement the instructor will change your "I" to the appropriate letter grade.

**School Closings and Delays:** Information regarding official University closing and delays can be found on the campus website and the snow phone line: (301) 405-SNOW (405-7669). Since our program is an evening program in downtown Washington, DC, rather than a day program in College Park, we do not always cancel classes on the same days as the College Park campus. The program director will always announce cancellation information to the program as an announcement on the program's ELMS/Canvas site. This will generally be done by 1:00 p.m. on days when weather or other factors are an issue.

**UMD Counseling Center:** Sometimes students experience academic, personal and/or emotional distress. The UMD Counseling Center in Shoemaker Hall provides comprehensive support services that promote personal, social, and academic success. The cost of these services is covered by the fees you already paid when you registered for classes, and there is no additional charge if you use the services. Proactively explore the range of services available, including the Counseling Service, Accessibility and Disability Service, Learning Assistance Service, and the Testing Office, all described at <http://www.counseling.umd.edu/>

**Students with Disabilities:** The University of Maryland does not discriminate based on differences in age, race, ethnicity, sex, religion, disability, sexual orientation, class, political affiliation, or national origin. Reasonable accommodations will be arranged for students with documented disabilities. Students who have an accommodations letter from the Accessibility and Disability Service (ADS) should meet with me during the first few weeks of the semester to discuss and plan for the implementation of your accommodations. If you require reasonable accommodations but have not yet registered with ADS, please contact the Accessibility and Disability Service at 301-314-7682 or [adsfrontdesk@umd.edu](mailto:adsfrontdesk@umd.edu).

**Academic Progress:** The graduate school requires that students maintain a GPA of at least 3.0. Students whose cumulative GPA falls below 3.0 will be placed on academic probation by the graduate school. Students on academic probation must ask the program's director to petition the graduate school if they want to remain in the program. The petition must include a plan for getting the student's GPA up to at least 3.0. Students who do not live up to their plan can have their enrollment in the program terminated without having earned the degree. Note: a grade of "B" corresponds to a GPA of 3.0. A grade of "B-" corresponds to a GPA of 2.7.

**Building Access:** The door to the building at 1400 16th Street is unlocked on weekdays until 7:00 p.m. Students who arrive after 7:00 p.m. or on weekends will find the door locked. The building's security guard is stationed at a desk just inside the door until 11:00 p.m. and will let you in. You can also call the phone on the security guard's desk by dialing (202) 328-5158. If the security guard is off duty or happens to be away from his or her desk when you arrive, you can pick up the black phone to the right of the door. You will be connected to the company that handles security for our building. If you tell them you are with the University of Maryland (1400 16<sup>th</sup> Street, suite 140), they should ask you for a password. When you tell them the password, they will be able to buzz you in. If they are unable to buzz you in from 1400 16<sup>th</sup> Street for some reason, go around to the 1616 P Street door to be buzzed in. You can get the password from the program coordinator, the TA, or the program director.