

# ECO 3320 Macroeconomic Theory

## Instructor

Gábor Antal

## Availability

In email: 24/7

In person: after class, or by appointment

## Course description

In this course we learn the basic concepts of macroeconomics and aim to understand the functioning of an economy as a whole and in an international context. The topics we discuss include national income and GDP, business cycles and economic growth, unemployment, inflation, government policy and its impact, as well as the nature of money and its role in our economy. Our discussion should enable you to interpret economic statistics and charts, and to critically approach news you hear and read about the state of the economy, and about economic policy measures. For this purpose, we will also have a group project in which you should critically discuss the most important macroeconomic characteristics, and recent developments of a specific country that you will choose with your fellow team members.

## Learning outcomes

- Students will be able to distinguish between the three most important time horizons in macroeconomics: the short run, the long run, and the very long run; and learn about the key assumptions, central adjustment mechanisms, and potential outcomes of these models
- Students will get familiar with the key elements of the Keynesian, and the neoclassical approach to fiscal and monetary policy
- Students will gain knowledge about the exact meaning of, and measurement problems related to the most important macroeconomic variables (output, inflation, unemployment, etc), their recent evolution, and the trade-off between output (employment) and inflation
- Students will gain insights into macroeconomic analysis based on statistical data

## **Required texts and materials**

**Textbook:** R. Dornbusch, S. Fischer and R. Startz, *Macroeconomics*, 13<sup>th</sup> ed. (DFS)

**Slides presented in class** (will be also sent to you in email)

*Supplementary:*

Olivier Blanchard, *Macroeconomics*, 2<sup>nd</sup> ed. (OB)

David C. Colander, *Macroeconomics*, 4<sup>th</sup> ed. (C)

*Additional readings and statistics/charts* might be handed out during some of the classes, and it is your responsibility to get them if you miss a class.

The material required on the exams is primarily based on class notes and slides; however, it is in your best interest to read the related parts of the textbook. I will always let you know which sections you can omit from the textbook. As a rule of thumb, sections that we do not cover in class will not be required from the textbook either (only if otherwise indicated).

**Grading** will be based on the midterm test, a group project (written analysis and presentation), your active participation in classes (and delivering home assignments), and the final exam:

***Midterm (25%)***

***Group project on a country (30%): 15% essay, 15% presentation***

***Participation (10%)***

***Final Exam (35%)***

I will distribute a detailed guide to the group project during the term and we will also discuss the requirements together in class.

## **Honor code**

Students should be familiar with the McDaniel College Honor Code, and they are expected to adhere to it in all respects.

## **Course policies**

Class attendance is compulsory, unexcused absence of more than three classes will lower your final grade. Please inform me of any planned absences via email as soon as possible and also let Adriána Márton in the dean's office know about your absence by providing her with formal justification for your absence (e.g. a doctor's note). The standard McDaniel College policy imposes a penalty of a drop of one letter grade per absence following three unexcused absences.

### Preliminary semester schedule/Topics covered

Topics	Readings
<b>1. Introduction to Macroeconomics: Brief History, Microeconomics vs Macroeconomics, Basic Models</b>	<b>DFS 1</b> ( <i>OB 28; C 6</i> )
<b>2. National Income Accounting</b>	<b>DFS 2</b> ( <i>OB 2; C 7</i> )
<b>3. Aggregate Supply and Demand: The Basics</b>	<b>DFS 5</b> ( <i>OB 7; C 9</i> )
<b>4. Aggregate Supply: The Phillips Curve (Wages, Prices and Unemployment)</b>	<b>DFS 6</b> ( <i>OB 8, 9; C 6, 15</i> )
<b>5. The Costs of Unemployment and Inflation</b>	<b>DFS 7</b> ( <i>OB 8, 9; C 6, 15</i> )
<b>6. Aggregate Demand: The Multiplier Model</b>	<b>DFS 9</b> ( <i>OB 3; C 10</i> )
<b>7. Aggregate Demand: The IS-LM Model</b>	<b>DFS 10</b> ( <i>OB 5</i> )
<b>8. Further Notes on Economic Policy</b>	<b>Sections from DFS 8, 11 and 17</b> ( <i>OB 26; C 14</i> )
<b>9. The 2008 Financial Crisis and the Most Recent Macroeconomic Problems the World Is Facing</b>	<b>DFS 19 and 11</b>
<b>Group Reports/Summary&amp;Review/Exam preparation</b>	

Topics and readings printed in **bold** are compulsory course material, where numbers denote chapters of the textbook. It is strongly advised to always read full chapters, nonetheless, I will always indicate if some sections are not required for the exams. Readings printed in *italic* are there for reference in case you would like to check other textbooks than the main one.