

**INDIANA UNIVERSITY AT BLOOMINGTON**  
**E322**  
**INTERMEDIATE MACROECONOMIC THEORY**  
**SUMMER II- 2008**

CLASS TIME: 9.30am-10.20am, Mon-Friday  
CLASS ROOM: BH 304  
INSTRUCTOR: Muhammad Saifur Rahman  
OFFICE: TBA  
TELEPHONE: 812-855-0179  
OFFICE HOURS: 10.30am -11.30am Mon, Wed, Fri, or by appointment  
EMAIL: [murahman@indiana.edu](mailto:murahman@indiana.edu)  
TEXT: **Macroeconomics** (2<sup>nd</sup> or 3<sup>rd</sup> ed.) by Stephen D. Williamson  
The study guide is optional  
GRADUATE ASSISTANT: Nhan Le  
His email address: [nhle@indiana.edu](mailto:nhle@indiana.edu)  
Contact him by email if you have any question about your  
Homework Grade.

**GOALS OF THE COURSE**

The main purpose of this course is to provide you with a sound understanding of macroeconomic theory and modeling. Our course will start with identifying some of the basic questions of macroeconomics like how the Gross Domestic Product is determined in the short run and in the Long run. The primary emphasis will be on understanding the micro foundation of macroeconomics. In order to fully appreciate the relation between micro and macro theory, some mathematical and graphical tools are essential which will be developed very early in the semester. In relation to the “toolkit”, we will cover some of the basic measurement issues that are important and sometimes puzzling in macroeconomics. The interaction between Micro theory and Macroeconomics will be demonstrated by using several Macroeconomic models. We will cover three most important models namely the one period model, the basic growth model and finally a two period model of Consumption-savings decision. We will also briefly cover an intertemporal model of investment. If time permits us, we will try to look at a model of business cycle. While analyzing all the above models, the behavior of variables such as the consumption, savings, investment, interest rates, the inflation rate, unemployment, real and nominal wage and the general price level will be discussed.

By the end of the semester you should have sufficient understanding of the following four things. First, you will develop a cohesive understanding of economics as a separate field with clear perception about the interaction between micro and macroeconomics. Second, you will develop a sufficient appreciation towards the importance of macroeconomic models and their usefulness in analyzing real economic issues. Third, you would develop a sufficient understanding of macroeconomics to interpret economic arguments such as you might find in the *Wall Street Journal* and other periodicals dealing with current economic events. Finally, you should be able to predict the macroeconomic effects of different policies and events which occur in the United States and throughout the world.

## **PREREQUISITES**

All students are required to have a **C or Better** in E201 and E202 and E321 in order to take this class. If you have a C- or Worse in one of these classes and you are pursuing an economic major of minor, you will be required to take an additional 300-400 level class.

## **GRADING**

There will be two midterm exams during the semester and a comprehensive final. Each midterm is worth twenty percent (20%) of the final grade and the final is worth thirty percent (30%). There will also be five (05) Home works. They will be worth twenty percent (20%). I will drop the lowest home work grade. Finally there will be regular in-class quizzes which will account for ten percent (10%) of the final grade. The exams will include multiple choice and essay type questions, definitions as well as short answers. All of the material from the exams will come from the lectures, assigned readings (mainly the textbook) and from home works.

The grading scale is:

88%-100%: A      78%-87%: B    68%-77%: C    58%-67%: D

Pluses and minuses are assigned for grades at the very top and very bottom of these ranges.

## **POLICIES:**

- 1) If you must miss an exam, it is important that you contact me beforehand. I am willing to work with you as long as you have a valid reason for missing class. If you do not contact me beforehand, I do not guarantee that you can make up the exam. Please be aware that the make up exam may be heavily weighted towards essay questions.
- 2) Homework, if assigned, cannot be turned late under any circumstance. The home works will always be due on the Mondays of each week of the class, with the exceptions of the first and the last one. If you miss an in-class quiz, you will not be able to make up for that, unless you can produce acceptable reasons for missing the class. At the end of the semester, your lowest homework or quiz score will be dropped.
- 3) The exact date and time for the midterm and the final exam will be announced at the class and if time allows, we will have a review session during the last week of the class.
- 4) Please arrive on time and remain for the entire period. Please do not make appointments that require you to leave class early. This is disruptive and is not permitted except in case of emergency. A student that disrupts class in this manner will be withdrawn.

## **ACADEMIC INTERGITY AND COLLABORATION**

I encourage you to collaborate with one another as much as possible, especially when studying the material. You may also collaborate on the home works (if given), although you should make it a point to understand the answers on the homework you turn in. after

all, the main purpose of the home works is to prepare you for the exams. You are not allowed to collaborate during the quiz and the exam and, if you do so, you will receive zero for that exam.

### **COURSE OUTLINE**

The schedule below is **tentative and very preliminary**. I cannot guarantee that we will be able to adhere it. I will update it as necessary throughout the semester and you will need to attend class to keep with what we are doing and when we are doing. I do not want to over burden you with materials that you will not have enough time to review. So, how much material will be covered will depend on the consumption capability of the students.

06/15 – 06/22 Chapter1, Mathematical and Graphical Review.

06/25 – 06/29 Chapters 2, 3  
First Homework Assigned  
Second Homework Assigned

07/02 – 07/06 Chapters 4, 5  
MIDTERM-1: Will cover chapter 1-3, part of chapter-4  
No class on 4<sup>th</sup> of July  
Third Homework Assigned

07/09 – 07/13 Chapters 5, 6  
Fourth Homework Assigned

07/16 – 07/20 Chapters 6, 7  
Fourth Homework Assigned  
MIDTERM-2: Tentatively cover chapters 4-7

07/23 – 07/27 Chapters 7, 8  
Midterm-2  
Fifth Homework Assigned

07/30 – 08/03 Chapters 8, 9  
Sixth Homework Assigned

08/06-08/10 Finish Chapter 9  
Review Session for Final Exam  
Last day of the class: FINAL EXAM

### **SPECIAL ACCOMODATION**

If some one needs any kind of special accommodation to attend the class, please let me as soon as possible.