

DEPARTMENT OF ECONOMICS
INTERMEDIATE MACROECONOMICS
Spring 2017

Professor:	Dr. Caroline Betts
Class Meeting:	Tues, Thurs 12.00pm - 1:50pm
Class Location:	KAP 156
Office Hours:	Tuesday 11.00am - 12.00pm, by appointment
Office Location:	KAP 316C
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GOALS

To develop a theoretical framework for students to understand the sources of macroeconomic business cycle fluctuations and long-run growth; to introduce students to modern macroeconomic theory using primarily algebraic and diagrammatic analysis; to illustrate how the theory can be empirically tested, and used for forecasting and policy analysis; to encourage critical analysis of contemporary policy issues, policy actions, and media reporting using the theory learned.

STRUCTURE

There are two lectures per week, and some discussion sessions with the teaching assistant. Attendance at all classes, including any discussion sessions, is strongly encouraged for the purpose of mastering course material, familiarity with all of the topics taught, and familiarity with class discussion of the topics – aspects of which may be included on examinations.

GRADING AND EXAMS

There will be a mid-term examination, a final examination, and six written take home assignments during the semester. In addition, there will be class discussions of contemporary macroeconomic policy issues and students are expected to prepare for these and participate in them.

Midterm Exam:	Tuesday February 21st, 12-1.50 PM	(30%)
Final Exam:	Wednesday, May 10, 2-4.00 PM	(40%)
Assignments (six):	Every two weeks, approx.	(30%)

The midterm exam, final exam, and assignments are generally non-cumulative, and the material is heavily weighted toward problems and graphical analysis based on the chapters studied. The final exam may also contain questions relating to class discussion of contemporary policy issues. The midterm and final examinations can be made up only on the basis of a serious illness, not simply a note saying you consulted a doctor on the day of the exam. Typically, makeup exams are more difficult than the original ones since the student will have had more time to prepare. There are no make-ups of assignments; a missing assignment results in a grade on that assignment of zero. If a student knows in advance of a necessary absence from an exam, e.g., because of an interscholastic competition, important job interview, or a family funeral, it may be possible to arrange to take the exam in advance if sufficient advance notice and the instructor's permission are given.

REQUIRED TEXTBOOK

Olivier Blanchard, *Macroeconomics* 7th Edition (or 6th Edition) Prentice Hall Addison-Wesley, 2000 (AB). Additional readings will be assigned in class.

RECOMMENDED READING

The Economist

ACADEMIC ACCOMMODATIONS

Students requesting academic accommodations based on a disability are required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP when adequate documentation is filed. Please be sure that this letter is delivered to me as early in the semester as possible.

ACADEMIC INTEGRITY WARNING

The Department of Economics and this instructor in particular will be vigilant for suspected violations of academic integrity and very strict in enforcement of sanctions including recommending dismissal from the university. For details on the rules and guidelines see SCAMPUS. As a result, students should avoid even the slightest suspicion by bringing no notes to exams, sitting far from other students and keeping their eyes strictly focused on their own exams.

NOTE

This course is a demanding one and should not be taken with too heavy a course load. Since it is a course that builds up from simple models at the beginning of the course to more complex ones later, it is extremely important to keep up with assignments. In studying for exams, it is recommended that you do all the questions at the back of the chapters and review questions and answers on assignments and the mid-term exam.

COURSE OUTLINE AND SCHEDULE

I. INTRODUCTION

1. Introduction to the course and to macroeconomics: Ch 1, 2
2. Measurement and Structure: Ch 2 and Appendix 1

II. SHORT RUN MACROECONOMIC ANALYSIS

3. The Goods Market Ch 3
4. Financial Markets I Ch 4

- 5. Goods and Financial Combined IS-LM Ch 5
- 6. Financial Markets II Ch 6

III. MEDIUM RUN MACROECONOMIC ANALYSIS

- 7. Labor Market Ch 7
- 8. The Phillips Curve and Natural Rate of Unemployment Ch 8
- 9. Putting all the Markets Together, from the Short to the Medium Run Ch 9

IV. LONG RUN MACROECONOMIC ANALYSIS

- 10. Growth Facts Ch 10
- 11. Saving, Capital Formation and Output Ch 11
- 12. Technological Change and Growth, Ch 12,13

V. THE OPEN ECONOMY

- 15. Openness in Financial and Goods Markets Ch 18, 19
- 16. Exchange Rates and the Macroeconomy Ch 20, 21