

DEPARTMENT OF ECONOMICS
INTERMEDIATE MACROECONOMICS
Fall 2015

Professor:	Dr. Caroline Betts
Class Meeting:	Mon, Wed 12.00pm - 1:50pm
Class Location:	KAP 156
Office Hours:	Mon 11.00 a.m. - 12.00pm, and by appointment
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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 and participate in these.

Midterm Exam:	Monday October 12, 12-1.50 PM	(30%)
Final Exam:	Friday December 11, 11.00am - 1.00 PM	(40%)
Assignments:	Every two weeks, approx.	(30%)

The midterm exam, final exam, and assignments are generally non-cumulative, and the material is heavily weighted toward analytical and numerical problems and graphical analysis based on the textbook 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 and there is a zero tolerance policy towards late assignments; answers will be made available to students in a timely manner so that late assignments cannot be considered for credit. 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* 6th Edition, Prentice Hall Addison-Wesley, 2000 (AB). Any additional required readings will be assigned in class as needed.

RECOMMENDED READING

The Economist

DISABILITIES

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 and if possible before the first assignment is due to be submitted.

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 class material and 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: Chapters 1, 2
2. Measurement and Structure: Chapter 2 and Appendix 1

II. CORE THEORY: "SHORT RUN"

3. The Goods Market: Chapter 3
4. Financial Markets: Chapter 4
5. Goods and Financial Combined in the IS-LM Model: Chapter 5

III. MEDIUM TERM FRAMEWORK

- 6. The Labor Market: Chapter 6
- 7. Goods, Financial and Labor Markets Combined in AS-AD Model: Chapter 7
- 8. Natural Rate and Phillips Curve: Chapter 8

IV. APPLICATION: THE 2008 CRISIS

- 9. The Crisis: Chapter 9

V. LONG RUN ANALYSIS

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

VI. THE OPEN ECONOMY

- 15. Openness in Financial and Goods Markets: Chapter 18
- 16. An Open Economy Version of the Goods Market Model: Chapter 19
- 16. Output, Interest Rate, and Exchange Rate Determination: Chapters 20, 21