

**DEPARTMENT OF ECONOMICS**  
**INTERMEDIATE MACROECONOMICS**  
**Spring 2019**

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<b>Professor:</b>	Dr. Caroline Betts
<b>Class Meeting:</b>	Tuesday, Thursday 2.00pm - 3:50pm
<b>Class Location:</b>	KAP 156
<b>Office Hours:</b>	Tuesday 11.00am - 12.00pm, or by appointment
<b>Office Location:</b>	KAP 316C
<b>Email:</b>	cbetts@usc.edu

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## **GOALS**

To develop basic macroeconomic data collection, management, and analytical skills; to develop a coherent theoretical framework for students to understand the macroeconomic data and events they observe, and especially the sources of business cycle fluctuations and long-run economic growth; to introduce the mathematical and diagrammatic tools needed to analyze macroeconomic theory; to encourage critical analysis of contemporary macroeconomic policy issues and actions, and media reporting on policy, using the empirical, theoretical, and analytical tools learned in the class.

## **STRUCTURE**

There are two lectures per week, and discussion sessions with the teaching assistant (TA) if time allows. Attendance at all classes, including TA 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. In addition, both the professor and TA hold weekly office hours for students to benefit from one on one interactions concerning the course material. Students are encouraged to attend these office hours.

## **GRADING AND EXAMS**

There is 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 in the context of the theoretical models that we learn. Students are expected to prepare for these discussions, and participate in them. To encourage engagement and attendance, class attendance and participation is worth five (5) percent of the final grade.

Midterm Exam:	Tuesday February 26th, 2.00 PM-3.50 PM	(30%)
Final Exam:	Thursday May 2nd, 2.00 PM-4.00 PM	(35%)
Assignments:	Six, every two weeks, approx.	(30%)
Participation:	In lectures throughout the semester.	(5%)

The midterm exam and final exam are not cumulative. The material on all assignments and exams is highly weighted toward problems and graphical analysis based on the textbook chapters studied. There are also assignment problems that require the collection and analysis of macroeconomic data. The mid-term and final exams may contain questions relating to class and TA discussion of this data analysis.

The midterm and final examinations can be made up, if missed, 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.

## **ASSIGNMENTS**

Students must submit each of the six written assignments on or before the deadline, which is announced in class and via Blackboard and will be written on the assignment itself. Students are encouraged to work together on the assignments, and groups of up to four students (but no more than four) may

submit a single, jointly determined assignment for grading. Each student participating in a jointly determined assignment will receive the same grade. Ensuring that the grader is aware of the names of all participating students by writing them on the submitted assignment is solely the responsibility of the students.

## **REQUIRED TEXTBOOK**

Olivier Blanchard, *Macroeconomics* 7th Edition Prentice Hall Addison-Wesley, 2017. Additional readings will be assigned in class.

## **RECOMMENDED READING**

*The Economist, Wall Street Journal*

## **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 students do

all the questions at the end the textbook 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. SHORT RUN MACROECONOMIC ANALYSIS**

3. The Goods Market Chapter 3
4. Financial Markets I Chapter 4
5. Goods and Financial Markets (IS-LM) Chapter 5
6. Financial Markets II Chapter 6

### **III. MEDIUM RUN MACROECONOMIC ANALYSIS**

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

### **IV. LONG RUN MACROECONOMIC ANALYSIS**

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

### **V. THE OPEN ECONOMY**

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