

ECON 4020
INTERMEDIATE MACROECONOMICS
Spring 2013

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Office hours: MW 9:30-11:15 or by appointment.

Description and Objectives:

This intermediate level macroeconomics course builds upon the Econ 2020 - Principles of Macroeconomics course. The course will provide insights into key macroeconomic issues concerning unemployment, inflation, and stabilization in closed and open economies. It will develop the Classical and Keynesian models of income determination, and compare and contrast their policy implications. These competing models are the necessary frames of reference to understand and assess current controversies on output fluctuations and the effectiveness of monetary/fiscal policies.

At the completion of this course, students:

1. are expected to have a solid knowledge of why and how economists (and policy-makers) often disagree about the sources and mechanisms of business cycles, and the appropriate policy response;
2. should be able to read, evaluate, and discuss cogently the relevant media accounts.

Pre-requisites:

ECON 2010 and Econ 2020 and College Algebra. This course fulfills the Quantitative Intensive BS requirement. Students are expected to be familiar with graphical analysis, basic linear algebra, and basic calculus. I will also make use of real world data and ask students to interpret macroeconomic time series. For this purpose it is necessary for all students to be familiar with basic features Excel.

Textbook: *Macroeconomics and the Financial System*, N. Gregory Mankiw and Laurence M. Ball, Worth Publishers, 2011.

Make sure to go online and open an account at <http://bcs.worthpublishers.com/mankiwball1e>. I will not use "premium resources" on the site so you do not need to by the "access card." But there is some free stuff which is useful, especially quizzes (see below).

Other Readings:

Students are encouraged to keep up with current economic news. *New York Times*, *Financial Times*, and *Wall Street Journal* are excellent sources and they are free on campus. You may also want to peruse *The Economist*.

Course Requirements and Grading:

The course grade will be based on two in-class midterm exam), in-class final exam, homework assignments, and quizzes.

Mid-term 1 (20%): Thursday, February 7.
Mid-term 2 (25%): Thursday, March 5.
Final exam (35%): Friday April 26, 8:00-10:00 AM.

Homework assignments and quizzes each will make 10% of the final grade. I reserve the right to change the weights: if your performance improves over the course of the semester, I will reduce weights of earlier grades (but no penalty for deteriorating performance). Quizzes will be on line and open book. You need to register in the text's website (see above) to take these quizzes. Make sure that you save quiz results in "your instructor's gradebook" (click on the link and enter my e-mail address bilginsoy@economics.utah.edu in the box on the next screen).

There will be no make-up exams and late assignments will not get credit except in the cases of (a) medical emergencies; (b) officially sanctioned University activities; (c) religious obligations. As indicated in PPM 9-7 Sec 15, the appropriate unit should provide a written statement for the reason of absence. In cases (b) and (c), student should get in touch with me at least a week before the exam and reschedule the exam. These rules will be strictly enforced.

Students will not be assigned extra credit work to improve their grades.

Grading system follows the university standards:

Excellent, superior performance: A (90-100%), A- (85-89.9%)
Good performance: B+ (80-84.4%), B (75-79.9%), B- (70-74.9%)
Standard performance: C+ (65-69.9%), C (60-64.4%), C- (55-59.9%)
Substandard performance: D+ (50-54.9%), D (45-49.9%), D- (40-44.9%),
Unsatisfactory performance: E (0-39.9%).

Senior class students' work will not be graded differently.

Names Matter:

I will see your names on three different lists: class registration, Canvas registration, and MB website registration. Please make sure that names match in all lists. On MB and Canvas the order should be <Last Name, First Name>. Do not use nicknames.

Collusion and Cheating:

I encourage student cooperation in homework assignments. However, each student shall turn in his or her assignment, in his/her own answers. Duplication of the same assignment under different names is not acceptable and is considered cheating.

Cheating in homework assignments or exams and other types of academic misconduct will be dealt with in accordance with the University regulations. For full details on procedures and penalties, see: <http://www.admin.utah.edu/ppmanual/8/8-10.html#SECTION%20V>.

Punishments can be severe, so don't do it. Enough said.

Class Rules:

1. Come to class on time.
2. Read the assigned material in advance and familiarize with the subject before the lecture.
3. I will use Canvas for announcements, homework assignments, posting extra readings etc. but Canvas is not a substitute to attending class. It is the responsibility of the student to keep up with the class. You miss classes at your own risk.
4. I will not allow *any* electronic gadgets (including, but not limited to, computers, cell phones, calculators, iPods, iPads, ...) in class or in exams. Remove them from your desk, and turn off the cell phones.
5. Do not read the newspaper during the lecture.
6. Do not believe any of the economics you read in the textbook or elsewhere. Learn it well and critically.
7. Do not believe any of the economics I present in class. Learn it well and critically.

Students with Disabilities:

The University of Utah, Department of Economics seeks to provide equal access to its programs, services and activities for people with disabilities. If you will need accommodations in this class, reasonable prior notice needs to be given to the instructor and to the Center for Disability Services, <http://disabilities.utah.edu/> 162 Oplin Union Bldg, 581-5020 (V/TDD) to make arrangements for accommodations. This information is available in alternative format with prior notification.

Course Outline:

The time schedule is approximate. I will announce at the end of each class the reading assignment for the next class. I expect students to *familiarize* themselves with the topic before it is covered in class by reading the assigned sections, even if they may not understand material fully.

1. Introduction (Chs.1-2)

Fundamental concepts in macroeconomics; national income accounts.

2. Flexible Price Equilibrium I: The Economy in the Long-run (Chs.3, 4)

Aggregate demand, supply, and equilibrium in the goods market; money, interest rates, and inflation.

3. Flexible Price Equilibrium II: The Open Economy in the Long-run (Ch.5)

Equilibrium in the open economy; capital mobility and the interest rate parity; exchange rates.

4. The Labor Market and Unemployment (Ch. 6)

Types of unemployment, wage rigidity.

*First Midterm [2/7]***5. Fixed Price Equilibrium I: Aggregate Demand in the Short-Run (Chs. 9-11)**

Economic fluctuations; goods and money markets; short run equilibrium of the economy; monetary and fiscal policy.

6. Fixed Price Equilibrium II: Open Economy in the Short-Run

The Mundell-Fleming model; international capital mobility; flexible vs. fixed exchange rates; monetary and fiscal policy in an open economy. (*Reading to be assigned*)

7. Aggregate Supply in the Short-Run (Ch.12)

Models of short run aggregate supply behavior; inflation-unemployment tradeoff.

*Second Midterm [3/5]***8. Macroeconomic Policy Debates (Chs. 13-14)**

Monetary stabilization, rules versus discretion; budget deficit, government debt.

9. Asset Markets and Financial Crises (Chs.15-19)

Securities markets; banking; asset prices; interest rates; derivatives; regulation; financial crises.

10. Economic Growth: The Economy in the Very Long-run (Chs.7-8)
Accumulation of capital; population growth; the steady state; the Solow model;
technological progress; endogenous growth theory.