

ECON 301 A: Intermediate Macroeconomics

University of Washington - Seattle, Spring 2019

MW 10:30–12:20, SMI 407, SLN 13388

April 4, 2019

CONTACT INFORMATION

Instructor: Zihao Darwin Chen

Email: zchen05@uw.edu

Office: Savery 319G

Office Hours: Tuesday 9:00-10:00; Wednesday 12:30-1:30

Course Webpage: <https://canvas.uw.edu/courses/1272936>

TEXTBOOKS

- (Required) Blanchard, Olivier J. and David H. Johnson, *Macroeconomics*, **6th Edition**, Pearson, 2013. (ISBN: 9780133061635, available at University Bookstore.)
- (Recommended) Williamson, Stephen D., *Macroeconomics*, 6th Edition, Pearson, 2018.
- (Recommended) Mishkin, Frederic S., *Macroeconomics: Policy and Practice*, 2nd Edition, Pearson, 2015.

COURSE DESCRIPTION

This course takes an intermediate level approach to macroeconomic theory and its applications, building on the foundations developed in previous introductory and other intermediate level economics classes. It provides analytical tools and formal models to explain the behavior of aggregate output, inflation, employment, prices, interest rates, and other aggregate economic quantities. This set of tools is used as a framework for understanding the current state of the U.S. and world economy, forecasting future behavior of the economy, and assessing the impact of fiscal and monetary policy choices. This course trains students to think in a structured and analytically rigorous way about macroeconomic questions. This training will allow students to use macroeconomics as an analytical tool rather than a set of assorted theories.

LEARNING OBJECTIVES

Students should be able to achieve the following course objectives:

- Improve economic literacy and ability to apply economic models to analyze world events;
- Effectively communicate economic concepts and relationships;
- Understand and identify the behaviors of important macroeconomic variables;
- Understand how to distinguish between long-term trends and short-run business cycles;
- Understand how various models summarize and explain the interactions between main macroeconomic measures, such as output, employment, and inflation;
- Analyze the impact of changes in these major economic variables;

- Understand the insights conveyed by Keynesian economics, classical economics, and various syntheses of the two;
- Learn how to find, use, and interpret macroeconomic data;
- Understand the causes and implications of the Great Recession.

PREREQUISITES

Students are expected to have already taken with a grade 2.0 or above ECON 300 and its pre-requisites, including introductory microeconomics, introductory macroeconomics, and calculus. Besides technical background, students should also be comfortable taking an intermediate level university course. As per University policy, 5 academic credits represent an average student time commitment of 15 hours each week, which corresponds to 11 hours of coursework besides lectures.

ATTENDANCE AND PARTICIPATION

Attendance is mandatory and will be checked via pop quizzes during class. Not regularly attending lectures impedes your learning process and may cause you to miss important topics in lectures but not in the textbook. For an intermediate level course, students should not expect that merely reading the textbook would eventually lead to a grade above 3.8. I understand that perfect attendance, though expected, is not always possible. Therefore, two pop quizzes with **the lowest number of responses** will be dropped. The pop quizzes count toward 5% of your total grade. You earn 80% of the grades whenever you submit a response and the rest 20% by giving the correct answer.

Participation is key to the success in this course. Although most of our class time will be spent with my presentation of the material, I will ask questions continuously during class to elicit your engagement with the material and to determine whether you are grasping hold of the ideas. At any time, in class or during office hours, you are encouraged to ask questions. No question is a dumb question if something is impeding your learning. Furthermore, if you disagree with the methods of analysis or the conclusions that are derived, you are welcome to express your disagreement openly. Such questions promote discussion, and your insights may benefit the entire class.

READING ASSIGNMENTS

Textbook chapters will be assigned regularly and will be announced in class. It is advised to finish the readings before the scheduled lectures, because you will have specific learning goals for each lecture after knowing the broad structure of the content through the readings. Remember, some material in the text will not be repeated in lecture, and you may be held responsible for any topics covered in the assigned readings. Throughout the quarter, I may assign additional reading materials, either mandatory or optional, outside of the required textbook. However, you can expect the vast majority of reading assignments to be from Blanchard and Johnson (2013).

WRITING ASSIGNMENTS

A problem set will be assigned after each section of the course. There will be 5 problem sets in total and the lowest grade will be dropped. The remaining 4 problem sets count equally toward your final grade ($7.5\% \times 4$). The problem sets will consist of multiple choice questions and short-answer exercises. They will train you to apply macroeconomic tools and concepts in the same way

as you will be required for the exams. Thus, problem sets should be one of your primary sources when preparing for the exams.

In addition to the problem sets, there will be 2 data assignments, each worth 5% of your final grade. The data assignments will require you to locate, plot, and analyze key macroeconomic variables studied in class. They are intended to give you hands-on experience with analyzing macroeconomic indicators and national income accounting with Excel, which is essential to becoming a successful macroeconomist or an analyst of any sort.

All assignments must be turned in on the due date in class with hardcopies. **Late work will not be accepted.** Assignments are preferred to be submitted at the beginning of class. I will collect all submissions before I step out of the classroom. This does not mean you can submit your homework until 12:20 PM, because sometimes I may finish the lecture early and thus leave early. Submitting your homeworks while I am lecturing is very disruptive and will be punished by a 5% deduction from your total grade of that assignment.

You can work in a group with up to 3 members for each assignment. Although I encourage teamwork, you also have the choice of working alone. **I will not assign groups nor will I police them:** more specifically, I will not deal with the famous “free rider” problem. The ideal situation is that you not only do assignments with your group members, but also study together for the course. Your group, or in general any classmates, should be your first reference if you missed a class or any material. I choose to believe in the market mechanism when it comes to study groups. You have the full responsibility to form a group and maintain it. You may change groups at any time of the quarter without any need to inform or consult with me. Regardless of the situation, I will assign the same grade to all group members, whose names appear on the top of the submission. Collaboration and collusion across groups are strictly prohibited. Consultation across groups is allowed as long as it does not undermine the independence of each submitted work.

Completeness, in my perspective, is a bottomline for all the assignments. Answers that clearly show a lack of effort, which may include illegible handwriting or grammatically unreadable sentences, may receive 0 credit.

EXAMS

There are two exams for this class: a mid-term exam on Wednesday May 1 during class time, and a cumulative final exam on Monday June 10 from 8:30 to 10:20 AM. Similar to problem sets, exams consist of multiple choice and free response questions. The midterm exam is 25% of the final grade, and the final exam, having larger coverage than the midterm, is 30% of the final grade. Please bring a simple scientific calculator and writing utensils. Borrowing calculators from others is not allowed during the exam, because this not only distracts the other party, but also enables cheating, compromising the validity of the entire exam.

A make-up exam may only be scheduled under unavoidable extenuating situations, which includes documented sickness, university business, court appearances, car accidents, and other situations deemed “unavoidable” by me. You need proper and verifiable documentation for any excuses, and by requesting accommodation, you automatically grant me the right to verify your documentation to the extent allowed under state and federal laws. Whenever possible, your documentation needs to specifically excuse you from academic activities or exams. This especially applies to doctor’s

notes. Make-up exam for the midterm needs to take place during weekdays and no later than May 7. If such an arrangement is not possible, the grading weight of midterm exam will be shifted entirely to the final exam.

Please note that anything discussed in class or any topics in the assigned reading from the textbook is “fair game” for the exams. There may be material presented in class that is not in your textbook, so make sure that you have a full set of notes from which to study. The exam questions will test your ability to understand and recall basic principles, and also your understanding of applications of theories, tools, and models. This means that you must learn to analyze hypothetical and “real world” problems that you encounter for the first time.

GRADING POLICY

The grading scheme mentioned in previous sections is summarized below:

Activity	Percent
5 problem sets (drop lowest grade)	30%
2 data assignments	10%
Midterm exam	25%
Final exam	30%
Attendance and participation	5%
Total	100%

There is no target median in terms of the final percentage grades for this course. However, the median grade point average (GPA) will be in the 2.9 to 3.1 range. I do not curve individual assignments or exams. There is also no guarantee that the GPAs will follow a bell-shaped distribution, which means if someone does significantly better or worse than everyone else, there could be a jump in the distribution of final GPAs. Any grading appeals must be made within one week from the date I post your score. Late appeals will not be considered.

COMMUNITY RESOURCES

Here is a list of community resources with their contact information. Some are related to your physical and mental well-being, and some may facilitate your learning. These are provided by the University for your service. You should utilize these resources whenever you feel the need to.

- Disability Resources for Students (DRS), 206-543-8924, uwdrs@uw.edu.
- UW Counseling Center, 206-543-1240, 866-427-4747 (crisis clinic).
- Hall Health Center, (206) 685-1011.
- Economics Undergraduate Board (EUB) tutoring, drop-in schedule posted on their website.
- Economics department undergraduate advising, econadv@uw.edu.
- UW Academic Support Programs, <https://webster.uaa.washington.edu/asp/website/>.
- Odegard Writing and Research Center (OWRC), <https://www.lib.washington.edu/ougl/owrc>.

- UW Police Department, 911 (emergency), 206-685-8973 (non-emergency).

ACADEMIC INTEGRITY

Washington Administrative Code (WAC) 478-121 specifies the set of student conduct code for the University, which prohibits academic misconduct, acts of dishonesty, and aiding, attempting, and assisting prohibited conduct. Per WAC 478-121-107, academic misconduct includes:

- cheating,
- falsification,
- plagiarism,
- unauthorized collaboration,
- engaging in behavior specifically prohibited by an instructor in the course of class instruction or in a course syllabus,
- multiple submissions of the same work in separate courses without the express permission of the instructor(s),
- taking deliberate action to destroy or damage another's academic work in order to gain an advantage for oneself or another,
- the recording of instructional content without the express permission of the instructor(s), unless approved as a disability accommodation, and/or the dissemination or use of such unauthorized records.

The Department of Economics also has a written policy on academic conduct, which lists exam absence policy, exam taking rules, and guidance of citation. Anything listed in this syllabus is in addition to the department policy and the university Student Conduct Code. The department policy can be found at <https://econ.washington.edu/policy-academic-conduct>.

If evidence of academic misconduct were found, I would not hesitate to report the case to the Office of Community Standards and Student Conduct. During the judiciary process, your college or school would be notified. If you were found guilty, you could receive sanctions ranging from disciplinary reprimand to immediate dismissal from the University. Please note that grading is the purview of the instructor. Convicted minor violations would result in 0 for the concerned assignment or section of the course, and major violations would result in a GPA of 0.00.

Academic integrity is the cornerstone in forming trust among researchers and students within academia. In pursuit of higher knowledge, we need to do our utmost to preserve the validity and originality of every piece of work. In the honor pledge I took as an incoming freshman at William & Mary, it says "... such (dishonorable) acts will undermine the community of trust, of which we are all stewards." Therefore, I expect all of you to maintain high standards of academic conduct, professionalism, and ethics.

TENTATIVE SCHEDULE

This is a tentative schedule. The goal is to proceed at an optimal pace: slow enough that important concepts are thoroughly learned, yet fast enough that the course does not drag. It is a delicate balance. Consequently, this outline is subject to change. Major schedule changes will be announced in advance.

Lecture date	Chapter(s) and topic(s)	Assignment due
April 1	Ch 1, 2: introduction and macroeconomic data	
The Short Run		
April 3	Ch 3: the goods market	
April 8	Ch 4: financial markets	
April 10	Ch 5: IS-LM	Data assignment #1
April 15	Ch 5: IS-LM	
The Medium Run		
April 17	Ch 6: the labor market and AS-AD	
April 22	Ch 7: AS-AD	Problem set #1
April 24	Ch 7: AS-AD	
April 29	Catch-up and review	Problem set #2
May 1	Midterm exam	
The Long Run		
May 6	Ch 8: unemployment, inflation, and PC	
May 8	Ch 9: financial crisis	Data assignment #2
May 13	Ch 9: financial crisis	
May 15	Ch 10: growth and intro of Solow	Problem set #3
May 20	Ch 11: adding saving and capital	
May 22	Ch 11, 12: technological progress	
May 27	Memorial Day, no class	
Expectations (subject to change)		
May 29	Catch-up and ch 14: expectations	Problem set #4
June 3	Ch 14 and 15: expectations and financial markets	
June 5	Ch 15: financial markets	Problem set #5
June 10	Final exam 8:30-10:20 AM	