

INTERMEDIATE MACROECONOMICS
TTH 10:30-12:20
CMU 326

Instructor: Michelle Turnovsky (mturn@uw.edu) Savery 354

Office Hours: TBA
By appointment (additional hours will be posted before exams)

Course Web Page: Check regularly for announcement on Catalyst

Course Overview: This course develops the tools of modern macroeconomic theory in the context of the global economy and explains the determination of aggregate output; of employment and prices; the tools of monetary and fiscal policy used by governments to fight inflation and unemployment and to promote growth in the economy. The purpose of this course is to explain macroeconomic theory and also to use it as a framework for discussing the current state of the US and world economy and for analyzing recent economic policy issues.

Learning Objectives for Econ 301:

- Understand the importance of microeconomics as a foundation for macroeconomics
- Understand how aggregate economic activity is measured at the level of a nation
- Understand how basic models of the economy summarize and explain the interactions between these main macroeconomic measures, output, employment, and inflation
- Understand what causes economic activity to fluctuate over the years, from recessions to full employment and back
- Understand the role of government in trying to smooth out these fluctuations
- Understand the links between the domestic economy and the rest of the world
- Understand the differences between adjustment in the short run and adjustment in the long run
- Understand the insights conveyed by the various schools of thought –Keynesian economics with sticky prices, classical economics with flexible prices, and various syntheses of the two
- Understand how the economy grows in the very long run through capital accumulation and technological progress
- Understand specific concepts like dynamics and expectations

Textbook: Olivier Blanchard, *Macroeconomics*, Pearson Custom Publishing 1st or 2nd Custom edition for the University of Washington – or any older edition up to 6th – chapters for Openness provided on line

Course Outline:

Introduction

Ch 1 and 2

The Short Run

The goods market (ch 3)

Financial markets (ch 4)

Goods and financial markets: the IS-LM model (ch 5)

The Medium Run

The labor market (ch 6)

Putting all markets together: the AS-AD model (ch 7)

The Phillips curve (ch 8)

The Long Run

The facts of growth (ch 10)

Saving, capital accumulation and output (ch 11) *time permitting*

Technological progress and growth (ch 12) *time permitting*

Openness

Openness in goods and financial markets

The goods market in an open economy

Output, the interest rate, and the exchange rate

Exchange rates regimes *time permitting*

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COURSE REQUIREMENTS

READINGS: Textbook chapters will be assigned regularly – it is advised to do such reading before the class covering the specific material. In addition to the textbook chapters, further compulsory readings will be assigned: these articles will be available on-line. You are also advised to check the Economist or the Financial Times where current economic issues are analyzed as they occur.

MHT NOTES AND POWERPOINT SLIDES: Material including summary notes for each chapter and unfinished powerpoint slides will be available regularly from the *course protected web page*. The slides will provide the framework for each lecture – students will be able to write in their own class notes as the lecture proceeds.

NOTE: All the material you need to download from the course web page is protected and restricted to the students registered in the class. You will be given the relevant information in order to open and download the files during the first day of class.

ASSIGNMENTS: There will be 5 assignments during the quarter (the questions will be assigned one week ahead). Completed assignments must be turned in at the beginning of the section. The grading will be based on the 4 best scores.

REVIEW PROBLEMS: Review problems are assigned before each exam and explained prior to the exam. They are not handed in by the students nor corrected.

EXAMS: There will be 3 non-cumulative exams. Each will consist in multiple choice questions, problems, and analytical questions. Dates: TBA

GRADE: The following weighting will be applied:

Assignments: 10% (2.5% each)

Exams: 90% (30% each)

REMARK: If you have any difficulty with the material (or any problem), feel free to see your instructor during office hours or by appointment as soon as possible because the material covered in this course becomes more complex overtime and is based on your overall understanding from week to week. It is thus essential to read the chapters assigned in the textbook on a regular basis and to work out the practice problems. **Tutoring by the upper class EUB students will be available at regular hours in Savery 328.** You can check the schedule posted on the door or available on the EUB web page at <http://depts.washington.edu/ecnboard/eub-tutoring/> Special tutoring is also available for English Language earners (ELL) students.

PREREQUISITES: The prerequisite for ECON 301, Intermediate Macroeconomics, is **ECON 300** and the prerequisites for ECON 300, Intermediate Microeconomics, are MATH 112 or MATH 124, and both ECON 200 and ECON 201. Students must NOT take ECON 300 and ECON 301 CONCURRENTLY as some of the theory developed at the beginning of ECON 301 is based on theory taught in ECON 300.

*Academic integrity is the cornerstone of the Department's rules for student conduct and evaluation of student learning. Students accused of academic misconduct will be referred directly to the Office of Community Standards and Student Conduct for disciplinary action pursuant to the Student Conduct Code and, if found guilty, will be subject to sanctions. Sanctions range from a disciplinary warning, to academic probation, to immediate dismissal for the Department and the University, depending on the seriousness of the misconduct. Dismissal can be, and has been, applied even for first offenses. **Moreover, a grade of zero can be assigned by the instructor for the course.***

Course Policy

Examination rules

I Exam Absence Policy

1. If you are unable to make it to an exam period ***due to illness or another serious unexpected happening***, do the following:

i. Contact your instructor **the same day** to notify him/her that you are not able to take the exam and why.

ii. If you missed the exam for *health reasons*, you need to show **as soon as possible** to your instructor a valid medical note issued by a medical professional, on the original exam date. There is no flexibility on this matter. The arrangement for making up the missing credits may vary from instructor to instructor (make-up exam etc.).

iii. If there was *some other reason* for missing the exam (car accident, meteor shower etc.) come and see your instructor to explain these reasons – you will need to show proper valid documentation. Not waking up or missing your bus/plane is **not** an acceptable excuse.

2. If you know that you are going to be away ***due to an university related activity*** (e.g. sport, debate), let your instructor know well in advance (preferably in the first week of the quarter) so that arrangements for make up can be made upon presentation of proper valid documentation.

II Exam Taking Rules

1. Material allowed during a closed book exam.

i. All books, papers, notebooks etc. must be placed inside your bag (backpack etc.) and the bag must be securely and fully closed. If you do not have a bag, you must place all your material out of your reach (classroom window sill etc.)

Note that individual instructors may have specific policies (open book exams etc.)

ii. Only keep writing tools and **basic calculators** (i.e. simple 4-functions calculators). Graphing calculators or calculators with memories will not be allowed. ***Sharing of calculators is not permitted.***

iii. **Cellular phones** must be turned off before entering the class and placed in your closed bag (not in your pocket). You are not allowed to use a cellular phone during an exam. Doing so will result in the termination of your exam time (your exam being taken from you at this point). Likewise **i-pads** or **i-pods** (or similar devices) are not allowed. The use of **personal computers** is not allowed during an exam.

iv. Baseball caps with visors and any kinds of **headgear** hiding your eyes are not permitted.

2. Attendance and special accommodation

i. You are expected **not to leave the room** during the exam except in case of emergency. This includes restroom use; be sure to use the restroom before the beginning of the exam.

ii. If you arrive **late** to an exam, you cannot expect to get extra time after the official end of the exam to make up for the missing time at the beginning.

iii. If you have a **documented disability**, please show your instructor your documentation from the Office of Disability Resources for Students on the first day of class, so that your instructor can make all the necessary arrangements if you wish to take your exam in a separate place.

3. Academic honesty

i. Exams are individual work and **cheating will not be tolerated**. Students must not glance at their neighbors' exams. Students must not change their answers after they have turned their exam in.

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ii. Check the **student handbook** for further information about cheating, plagiarism etc. Cheating of any kind may result in expulsion from the university. The Department of Economics will follow university policy in case of academic dishonesty. These rules complement/supplement the university rules, which are spelled out at

<http://www.washington.edu/uaa/advising/help/academichonesty.php>

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Homework Policy

1. Please, write your whole name: **first name first and last name last on the upper right hand corner of the assignment**
2. Write all your answers **ON THE HOMEWORK SHEETS** that you have downloaded – answers on a separate piece of paper will NOT be corrected nor graded.
3. **Staple** all the sheets in the correct order.
4. **DO NOT COPY** the answers from each other – this can easily be detected when the same mistakes appear and the same sentences are written! Indeed you are allowed and even encouraged to work together, but you must part from each other and write you answers alone. Don't forget to show your intermediate calculations.

THE GRADER WILL TAKE POINTS IF YOU DO NOT FOLLOW THE ABOVE RULES. 5 points for each infraction

E-mail

Please use your UW account for any communication with your instructor. E-mails with unknown addresses will be discarded unread.

Regrading rules

If you make a mistake that has an impact on subsequent answers, I try to reduce the effect on your grade in the following manner

If the subsequent answers depend on your incorrect answer but are consistent with your incorrect answer, I will grade them "ct" and I will not take points off

If the subsequent answers depend on your incorrect answer but are not consistent with your incorrect answer although they may be right according to the answer key, I will grade them "not ct" and I will take points off

If you believe that the grader has made a mistake by taking too many points for one of your answer, we will be happy to recheck your answer, but in the process, we will **regrade** the whole exam.

Finally, a certain proportion of the exams returned to the students will be photocopied beforehand and I will keep the photocopies. There will be no way for you to know whether we have a copy of your original answers.