

ECON 301 C: INTERMEDIATE MACROECONOMICS

Spring 2023

COURSE MEETS: T.Th. 2:30 – 4:20 PM, THO 135

INSTRUCTOR: Yuhan Lee

OFFICE: SAV 319C

OFFICE HOURS: F. 2:00 – 4:00 PM

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COURSE DESCRIPTION:

From ECON 201, you know that economics is the social science of choices. Macroeconomics captures how economic agents – household, firm, government, and foreign – make decisions and how they interact in markets. In the introductory macroeconomics, we primarily addressed these questions through intuitions and graphs. Now it's time to introduce you to the way that economists represent economical concepts through mathematical models to understand their choices and interaction. Mathematics allows us to build precise models and strip a model down to its important components and interactions. Note that although models expressed mathematically may seem simplistic at first, the art of being an economist is to impart economic meaning and conclusions to the equations, derivatives, and graphs. The payoff is a deeper understanding of the importance that logical modeling and critical thinking play in economics.

PREREQUISITES:

Econ 200, Econ 201, Econ 300, and any one of: Math 112, 124, 127, 134, or 145.

You must have completed introductory microeconomics, macroeconomics (ECON 200, ECON 201), and intermediate microeconomics courses (ECON 300). It goes without saying that you must not be surprised when you hear me use terms like demand, supply, profit, cost, Lagrangian method, substitution, and income effect without necessarily defining them. If it's been a while since you took the above prerequisites, I recommend you briefly review them before you take this class.

You must have calculus proficiency at the Math 112 level or similar. You must be comfortable with the total differential, partial derivative, product rule, chain rule, maximization, minimization, and first-order condition.

LEARNING OBJECTIVES:

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

TEACHING MODEL

In ECON 301: A, lectures will be offered live at the regularly scheduled class time. They will not be recorded but lecture slides will be available for viewing on Canvas. Office hours will be held at SAV 319C. Assignments must be submitted remotely via Canvas. Exams will be given in person. There will be two exams. No drops will be permitted for both exams.

TEXTBOOK AND COURSE MATERIALS

- **TEXTBOOK:** Basically, textbooks are not required for this course. If you want to refer to textbooks, I can recommend you N. Gregory Mankiw's Macroeconomics, 11th edition (published by Macmillan Learning). Older editions are also okay. You do not need to purchase any online packages.
- **CANVAS:** As a registered student, you should be able to view the Canvas page for this course. This is the site where I will post the syllabus, lecture notes, homework and answer key, practice exam, and grade. It is your responsibility to check the site regularly. Lecture notes will generally be posted right before each lecture.

GRADING:

Grades will be calculated based on Homework (20%), Essay (20%), Exam 1(30%), and Exam 2 (30%). There will be no class participation credits. **But active participation is highly encouraged.**

- **HOMEWORK:** Eight short problem sets will be available on Canvas (one each for most of the weeks of the quarter), due at 11:59 PM Pacific Time on Sundays. The problem sets will be valuable practice to comprehend many concepts in microeconomics. I encourage you to solve each homework question and do discuss it with other students. Every discussion would be helpful to prepare for exams. Try to relate the problems to economic concepts covered in class and understand how they are presented in the problems.
- **EXAM:** There will be two exams. Attendance for exams is mandatory. If there is any change, I will inform you as soon as possible. Exams are **CLOSED-BOOK** and will consist of essay questions.

GRADING Policy:

- The grading policy of the Department of Economics sets the upper boundary for the Median grade in principles of economics courses at 3.1. We will maintain a median grade for this course in the 2.9-3.1 range.
- Since undergraduate economics majors must receive a 2.0 or higher in both courses it was decided that some clarity as to what constitutes a true 2.0 grade is needed. According to the UW Grading Guideline, grades from 1.9 - 2.1 should show “evidence of some learning but generally marginal performance. Marginal chance of success in subsequent courses in field” (i.e. 400- level Econ courses).

LATE POLICY, ABSENCE, AND MAKE-UP EXAMS:

If you are unable to make it to an exam period due to illness or another serious unexpected happening:

1. If you missed the exam for health or some other reason, you need to contact me as soon as possible. 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 a university-related activity (e.g. sport, debate), let me know well in advance (preferably in the first week of the quarter) so that arrangements for make-up can be made.
3. The level of difficulty of the make-up exams will be higher compared to the original exams

HOW TO STUDY EFFECTIVELY:

- Take notes during class. But I recommend you NOT to only focus on copying down my handwriting. Think carefully, and do your OWN handwriting. Of course, additional slides will be posted online too. The slides will be helpful to read your textbook.
- After the lecture, review what you learned and attempt the homework problems and make sure you fully write down the answer to each question using the relevant concepts you have learned. Please do not address the problems in your head only. Rather, use the concepts you learn plus the reasoning process to write out the solutions in full. The analysis uses graphs, calculus, and algebra. You should also write out some explanations about your graphical and mathematical solutions.
- It is an excellent idea to form a study group (2-4 members) among peers to discuss the materials of the course and/or do homework problems together.

COURSE OUTLINE:

The following is a plan for the topics covered each week. It is subject to change. I will alert you each week of the upcoming material. I encourage you to read the chapters ahead of the corresponding lectures.

WEEK	LEARNING SUBJECTS OR PLANS
Week 1	<Introduction> <ul style="list-style-type: none">• What is macroeconomics• Major variables• Financial theory
Week 2	< Long run analysis> <ul style="list-style-type: none">• Consumption and investment• Closed and open economy: Income
Week 3	< Short run analysis> <ul style="list-style-type: none">• IS-LM curves and policy effects• Aggregate demand
Week 4	<ul style="list-style-type: none">• Mundell-Fleming model: Open economy• IS-LM-BP
	<ul style="list-style-type: none">• <i>Exam 1 (Apr. 27th)</i>
Week 6	<ul style="list-style-type: none">• Short-run aggregate supply theory• Business cycle theory
Week 7	<ul style="list-style-type: none">• Business cycle theory• Real business cycle (RBC)
Week 8	< Micro foundation> <ul style="list-style-type: none">• Consumption: Permanent income hypothesis (PIH)
Week 9	< Economic growth theory> <ul style="list-style-type: none">• Solow model• Endogenous growth theory
Week 10	< Short run fiscal policy> <ul style="list-style-type: none">• Richardian equivalence theorem• Government budget and expenditure
	<ul style="list-style-type: none">• <i>Exam 2 (June. 1st)</i>

* The course schedule can be modified if it is needed.

EXAM-TAKING RULES:

The following materials are permitted in the exam room

- You can make and use cheat sheets for the exams.

Attendance and special accommodation

- You are not allowed to leave the room during the exam. This includes restroom use; be sure to use the restroom before the beginning of the exam.
- 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 in the beginning.
- If you have a documented disability, please bring documentation from the Office of Disability Resources for Students on the first day of class, so that I can make any arrangements required for accommodations.

ACADEMIC HONESTY:

- Exams are individual work and cheating will not be tolerated. Looking at a neighbor's exam is considered cheating. If a student is seen committing this act, they will not be allowed to continue taking their exam. The neighbor sitting next to the student will also be duly punished if they are seen as facilitating this act of cheating.
- Altering an exam before submitting it for a review of the grading, obtaining an advance copy of an examination, or arranging for a surrogate test-taker are all flagrant violations of University policy.
- Cheating of any kind may result in expulsion from the University. The Department will follow University policy in case of academic misconduct. I strongly recommend that you review University policy at <http://www.washington.edu/uaa/advising/help/academichonesty.php>

Students found to have engaged in academic dishonesty will be subject to sanctions, which range from a disciplinary warning to permanent expulsion from the University, depending on the seriousness of the misconduct.

DISABILITY RESOURCES FOR STUDENTS:

The University of Washington is committed to providing access and reasonable accommodation in its services, programs, activities, education and employment for individuals with disabilities. For information, please see <http://disability.uw.edu>, call 206-543-8924, or email uwdrs@uw.edu.

Your learning is important in this class. Thus, I highly recommend students who have health issues or permanent disabilities contact the DRS office for your study. If you already established accommodation with the DRS office, please talk to me at your earliest convenience so that we can discuss about your requirements

RELIGIOUS ACCOMMODATION:

Washington state law requires that UW develop a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities. The UW's policy, including more information about how to request an accommodation, is available at [Religious Accommodations Policy](https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/) (<https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/>).

Accommodations must be requested within the first two weeks of this course using the [Religious Accommodations Request form](https://registrar.washington.edu/students/religious-accommodations-request/) (<https://registrar.washington.edu/students/religious-accommodations-request/>).