

ECON 301C INTERMEDIATE MACROECONOMICS

Spring 2020

Instructor:	Samin Jalali	Time:	MW 8:30 – 10:20 am
Email:	sjalali@uw.edu	Place:	Zoom

Disclaimer: This syllabus is tentative and may be subject to change.

Course Description: Economics is a study of *choices*. Whether it is you choosing which class to take this quarter or a policymaker selecting which monetary policy to implement, our limited resources force us to make choices. In microeconomics you learned how *individuals* make optimal choices (like consumption and hours of work). Now we will shift our focus to the choices of the *whole economy* (or the “aggregate”).

To that end, we will develop a theoretical framework to explain movements in aggregate economic variables in the short, medium, and long run, in both normal times and times of economic crisis. We start with the set of economic concepts that you learned in your principles courses, and develop them further by making greater use of mathematical models. While these models do not reflect the real economy as it is, they provide useful economic insights for us. As you will also find out over the next ten weeks, there is no one specific model that explains all facets of the economy. Thus, we will introduce different economic models for you to use and compare in the context of current events and policy debates.

Keeping this in mind, the goals of this class are for students to understand:

- The importance of microeconomics as a foundation for macroeconomics
- How aggregate economic activity is measured at the level of a nation
- How basic models of the economy summarize and explain the interactions between output, employment, and inflation
- What causes economic activity to fluctuate over the years, from recessions to full employment and back
- The role of government in trying to smooth out these fluctuations
- The links between the domestic economy and the rest of the world
- The differences between adjustment in the short run and adjustment in the long run
- 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
- How the economy grows in the very long run through capital accumulation and technological progress
- Specific concepts like dynamics and expectations

Prerequisites: ECON 300, ECON 201 and one of MATH 112, 124, or 134. Refer to *Appendix 2: A Math Refresher* in Blanchard if you need a review of your calculus.

Course Page: <https://canvas.uw.edu/courses/1372177>. You are responsible for regularly checking it and staying on top of announcements, including the reading and homework schedules.

Required Textbook/Materials

- Olivier Blanchard, *Macroeconomics*, Pearson, 7th ed., 2017
- Access to MyEconLab (online learning resource)

You can purchase all at the University Bookstore, which offers a physical copy of the book along with online access for about \$160. Alternatively, you may purchase MyLab from the publisher directly with an e-book for \$120 and \$70 without, if you already have the book. Do note that the book underwent a major revision for this edition, so unfortunately previous editions are not adequate substitutes. Should you choose to use a previous one, you would be responsible for any differences.

Important dates

Quizzes	About every other week
Midterm	Monday, May 4th or TBA
National Holiday	Monday, May 25th (Memorial Day)
Final Exam	Tuesday, June 9th, 8:30-10:20am

Grading

Quizzes	25%
Midterm	20%
Final Exam	20%
MyLab homework	35%

Homework from MyLab. There will be problem sets assigned in MyEconLab. These will be assigned approximately weekly and will be automatically graded. The questions in this type of assignment check your understanding of the concepts and, on a few occasions, ask you to analyze a problem using those concepts.

Quizzes and Exams. There will be a short quiz about every other week, as well as two exams, all conducted during the regular class time. The final exam is not cumulative, but requires understanding of the material from the first part of the course. Be aware that exams will only be made up in cases of a properly-documented incapacitating illness or a family emergency.

The Department of Economics at UW requires that the median GPA for all undergraduate economics courses fall within the range of 2.8 – 3.1. A student who receives a median grade on every assignment can expect a final GPA somewhere in that range.

Content Guide

PART I: INTRODUCTION – WHAT IS MACROECONOMICS?

1. How to Measure Different Aspects of the Macroeconomy (GDP, Price Index, Unemployment)
[Textbook: Blanchard, Chapter 1 and 2]

PART II: BUSINESS CYCLE THEORY – THE ECONOMY IN THE SHORT RUN

2. The Goods Market – Consumption, Investment, and Government Spending
[Textbook: Blanchard, Chapter 3]
3. Financial Markets – Money and Interest Rates
[Textbook: Blanchard, Chapter 4]
4. Goods and Financial Markets: Building the IS-LM Model
[Textbook: Blanchard, Chapters 5 and 6]

PART III: CLASSICAL THEORY: THE ECONOMY IN THE MEDIUM RUN

5. The Labor Market – Unemployment and Wages
[Textbook: Blanchard, Chapter 7]
6. The Phillips Curve, Natural Rate of Unemployment, and Inflation
[Textbook: Blanchard, Chapter 8]
7. Putting All Markets Together – The IS-LM-PC Model
[Textbook: Blanchard, Chapter 9]

PART IV: GROWTH THEORY – THE ECONOMY IN THE LONG RUN

8. Economic Growth I: Saving, Capital Accumulation and Output
[Textbook: Blanchard, Chapters 10 and 11]
9. Economic Growth II: Technological Progress and Growth
[Textbook: Blanchard, Chapters 12 and 13]

How to study effectively

- Read the relevant parts of the chapter(s) carefully before each lecture. Try to get a good idea of both the questions asked and the approach (the concept and the reasoning process) to addressing the questions in the textbook.
- Take notes during class, but it is not necessary to copy every slide. The slides will be posted online.
- After the lecture, attempt the problems and make sure you fully write down the answer to each question using the relevant concepts you have learned. In order to successfully answer a question, ask yourself the following: i) what does the question want me to do? ii) What relevant information does the question provide? iii) How do I go from the given information to the answer? You want to use the concepts and tools for thinking — that you have learned — to answer the question.

Academic integrity

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.

Behavior that constitutes academic misconduct includes but is not limited to cheating on exams or quizzes (copying answers from others, using unauthorized materials, a student not taking their own quiz/exam, etc.), copying homework answers, plagiarism.

You may read more at <http://www.washington.edu/cssc/facultystaff/academic-misconduct/>

Privacy/FERPA Statement

This course is scheduled to run synchronously at your scheduled class time via Zoom. These Zoom class sessions will be recorded. The recording will capture the presenter's audio, video and computer screen. Student audio and video will be recorded if they share their computer audio and video during the recorded session. The recordings will only be accessible to students enrolled in the course to review materials. These recordings will not be shared with or accessible to the public.

The University and Zoom have FERPA-compliant agreements in place to protect the security and privacy of UW Zoom accounts. Students who do not wish to be recorded should:

- 1) Change their Zoom screen name to hide any personal identifying information such as their name or UW Net ID, and
- 2) Not share their computer audio or video during their Zoom sessions.