Economics 301A
SLN 13242                          Autumn 2013

INTERMEDIATE MACROECONOMICS
TTh 1:30-3:20
Denny 309

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

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 Second Custom edition for Econ 301A ($100)

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)
Econ 301

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 (ch 18)
- The goods market in an open economy (ch 19)
- Output, the interest rate, and the exchange rate (ch 20)
- Exchange rates regimes (ch 21) *time permitting*

**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 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/](http://depts.washington.edu/ecnboard/eub-tutoring/)

**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.