

ECON 4020. INTERMEDIATE MACROECONOMICS/ ECON 6020. MACROECONOMICS

Spring 2022

Instructor: Ivan Mendieta-Muñoz, Ph.D.	Time: MoWe, 1:25p.m.—2:45p.m.
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Contact information:

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Consultation hours: W, 10a.m.—11a.m. and 3:00p.m.—4:00p.m. or by appointment.

[Personal website](#)

[University website](#)

Course Page: [Canvas](#)

Graduate Teaching Assistant: Liem Lucas

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Prerequisites: ECON 2010; ECON 2020; and College Algebra.

This course fulfills “Quantitative Intensive (QI)” General Education and Bachelor Degree Requirement. Students are also expected to be familiar with graphical analysis, basic linear algebra, and basic calculus. I will also use real world data and ask students to interpret macroeconomic time series.

Course Description and Objectives: Macroeconomics is the study of aggregate economic phenomena. It studies issues relating to unemployment, inflation, stabilization policies in closed and open economies, and the determinants of national output and price levels. This course will provide insights into these key macroeconomic issues, it will examine how to develop models to study relationships between different aggregate economic variables, and it will discuss both the determinants and the effects of government economic (fiscal and monetary) policies.

At the completion of this course, students:

1. Are expected to have a solid knowledge of why and how economists (and policymakers) often disagree about the nature and mechanisms of business cycles and economic growth, and the appropriate policy responses.
2. Should be able to read, evaluate, and discuss cogently the relevant media accounts.

Learning Outcomes:

1. *Inquiry and Analysis:* Macroeconomics is a contentious discipline. There are competing theories of what causes unemployment, inflation, business cycles, and economic crises, and the

appropriate remedies to these problems. This course will develop a series of analytical macroeconomic models in order to understand relationships between aggregate economic variables, investigate monetary and fiscal policy implications of alternative theoretical chains of causation, and examine empirical evidence for competing hypotheses.

2. *Critical Thinking*: The emphasis will be on how to set up macroeconomic models and to obtain logical conclusions from them. Students are expected to understand the underlying—and sometimes hidden—assumptions of the models and to learn how to distinguish between competing theories.
3. *Quantitative Literacy*: We will make extensive use of algebraic, numerical, and graphical tools in developing macroeconomic theories. In this sense, students will also develop quantitative skills that will allow them to understand graphical, logical and numerical relationships between macroeconomic variables.

Required Textbook:

- Blanchard, Olivier. (2021). *Macroeconomics*. Boston: Pearson. 8th Edition.

You are encouraged to take advantage of the *inclusive access program*, a course materials program launched by the University of Utah Campus Store that aims at providing instantly accessible, interactive digital course materials/textbooks; while also reducing the cost to students. More information can be found [here](#).

Complementary Readings:

- Baumol, William and Blinder, Alan (2012). *Macroeconomics. Principles and Policy*. Mason: South-Western CENGAGE Learning. 12th Edition.
- Hoover, Kevin. (2012). *Applied Intermediate Macroeconomics*. New York City: Cambridge University Press.
- Snowden, Brian and Vane, Howard (2005). *Modern Macroeconomics. Its Origins, Development and Current State*. Cheltenham: Edward Elgar. 2nd Edition.
- Students are also encouraged to keep up with current economic news. *Financial Times*, *New York Times* and *Wall Street Journal* are excellent sources and they are free on campus. You may also want to peruse *The Economist*. Additionally, an excellent website where you can find op-ed pieces by leading economists is *Project Syndicate*.

These readings are not required; but they may help to provide a more comprehensive understanding of the topics discussed in class. I would be happy to share some of these materials with those of you who are interested.

Course Requirements: The course will follow the main textbook closely. The lectures cover only the key points of each of the chapters, so it is important that you follow closely the reading assignments for each class.

University Policies:

1. **The Americans with Disabilities Act.** The Department of Economics at the University of Utah seeks to provide equal access to its programs, services and activities for people with disabilities. If you need accommodations in this class, reasonable prior notice needs to be given to the instructor and to the Center for Disability Services (162 A. Ray Olpin Student Union Building, 581-5020 (V/TDD)) to make arrangements for accommodations (more information can be found [here](#)). All written information in this course can be made available in an alternative format with prior notification to the Center for Disability Services.
2. **University Safety.** The University of Utah values the safety of all campus community members. To report suspicious activity or to request a courtesy escort, call campus police at 801-585-COPS (801-585-2677). You will receive important emergency alerts and safety messages regarding campus safety via text message. More information regarding safety and to view available training resources (including helpful videos) can be found [here](#).
3. **Addressing Sexual Misconduct.** Title IX makes it clear that violence and harassment based on sex and gender (which includes sexual orientation and gender identity/expression) is a civil rights offense subject to the same kinds of accountability and the same kinds of support applied to offenses against other protected categories such as race, national origin, color, religion, age, status as a person with a disability, veteran's status or genetic information. If you or someone you know has been harassed or assaulted, you are encouraged to report it to the Title IX Coordinator in the Office of Equal Opportunity and Affirmative Action, 135 Park Building, 801-581-8365, or the Office of the Dean of Students, 270 Union Building, 801-581-7066. For support and confidential consultation, contact the Center for Student Wellness, 426 SSB, 801-581-7776. To report to the police, contact the Department of Public Safety, 801-585-2677(COPS).
4. **Undocumented Student Support.** Immigration is a complex phenomenon with broad impact—those who are directly affected by it, as well as those who are indirectly affected by their relationships with family members, friends, and loved ones. If your immigration status presents obstacles to engaging in specific activities or fulfilling specific course criteria, confidential arrangements may be requested from the Dream Center. Arrangements with the Dream Center will not jeopardize your student status, your financial aid, or any other part of your residence. The Dream Center offers a wide range of resources to support undocumented students (with and without DACA) as well as students from mixed-status families. To learn more, please contact the Dream Center at 801.213.3697 or visit the [Dream Center website](#).
5. **COVID-19 situation.** University leadership has urged all faculty, students, and staff to model the vaccination, testing, and masking behaviors we want to see in our campus community. These include: vaccination, masking indoors, and weekly asymptomatic coronavirus testing.
 - (a) **Vaccination.** Get a COVID-19 vaccination and the booster shot recommended for pairing with your vaccine if you have not already done so. Vaccination is proving highly effective in preventing severe COVID-19 symptoms, hospitalization and death from coronavirus. Vaccination is the single best way to stop this COVID resurgence in its tracks. University of Utah students are required (as of August 27, 2021) to complete a cycle of COVID-19 vaccination and booster shot with an approved vaccine, or complete an exemption form. The university provides three convenient vaccination options:
 - i. Attend one of the regularly scheduled vaccine events at the Student Union on campus.

- ii. Schedule an appointment with Student Health [here](#).
 - iii. Visit [here](#), [here](#), or [here](#) to schedule your vaccination.
- (b) **Masking.** While masks are not required outside of Health Sciences facilities, on UTA buses or campus shuttles, CDC guidelines now call for everyone to wear face masks indoors. Check the [CDC website](#) periodically for masking updates. With high transmission rates in Salt Lake County, the CDC recommends: “Everyone should wear a mask in public indoor settings.” Treat masks like seasonal clothing (i.e., during community surges in COVID transmission, they should be worn indoors and in close groups outside). In cases of classroom exposure, masks should be worn for the quarantine period (see details below).
- (c) **Testing.** If you are not yet vaccinated, get weekly asymptomatic coronavirus tests. This is a helpful way to protect yourself and those around you because asymptomatic individuals can unknowingly spread the coronavirus to others. Asymptomatic testing centers are open and convenient:
- [Online scheduling](#)
 - Saliva test (no nasal swabs)
 - Free to all students returning to campus (required for students in University housing)
 - Results often within 24 hours
- (d) **Remember:** students, faculty and staff must self-report if they test positive for COVID-19 via [this website](#).
6. **Class modality.** This course will be held in person. Except in cases of ADA accommodations or quarantining due to COVID-19 exposure or infection, you will be expected to attend class in person and complete assignments and exams in person. Changes to this policy are up to the discretion of the instructor.
7. **Student Mental Health Resources.** Rates of burnout, anxiety, depression, isolation, and loneliness have noticeably increased during the pandemic. If you need help, campus mental health resources are available, including counseling, trainings and other support. More information can be found [here](#).

Exams and Grading Policy

The course grade will be based on four homework assignments and four midterm exams:

Homework Assignments (16%) + Midterm Exams (84%).

There will be no make-up exams and late assignments will not get credit except in the cases of:

1. *Medical emergencies.*
2. *Officially sanctioned University activities.*
3. *Religious obligations.*

As indicated in PPM 9-7 Sec 15, the appropriate unit should provide a written statement for the reason of absence. In cases 2 and 3, students should get in touch with me at least one week before the exam and reschedule the examination. Students will not be assigned extra credit work to improve their grades. Senior class students' work will not be graded differently.

Grading system follows the university standards:

- Excellent, superior performance: A (90-100%), A- (85-89.9%)
- Good performance: B+ (80-84.9%), B (75-79.9%), B- (70-74.9%)
- Standard performance: C+ (65-69.9%), C (60-64.4%), C- (55-59.9%)
- Substandard performance: D+ (50-54.9%), D (45-49.9%), D- (40-44.9%)
- Unsatisfactory performance: E (0-39.9%)

Important dates:

VIRTUAL CLASS	Monday, January 10
NO CLASS	Wednesday, January 12
Martin Luther King Jr. Day holiday	Monday, January 17
Homework Assignment #1	Monday, February 7
Midterm Exam #1	Monday, February 7
Presidents Day holiday	Monday, February 21
Homework Assignment #2	Monday, February 28
Midterm Exam #2	Monday, February 28
Spring Break	Sunday-Sunday, March 6-13
Homework Assignment #3	Monday, March 28
Midterm Exam #3	Monday, March 28
Homework Assignment #4	Monday, April 25
Midterm Exam #4	Monday, April 25

Class Rules:

1. I encourage student cooperation in homework assignments. However, each student must present her own assignment. Duplication of the same assignment under different names is not acceptable and is considered cheating. Cheating in homework assignments or exams and other types of academic misconduct will be dealt with in accordance with the University regulations. Full details on procedures and penalties can be found [here](#). Punishments can be severe, so don't do it.
2. No electronic submissions will be accepted. You must hand in a hard copy of your assignments, either a manuscript or a printed document.
3. I will use Canvas for announcements, homework assignments, posting extra readings, etc. However, Canvas is not a substitute to attending class. It is your responsibility to keep up with the class.
4. Come to class in time.
5. Read the assigned material in advance and familiarize with the subject before the lecture.
6. Turn off your cell phones and remove them from your desk.
7. Do not believe any of the economics you read in the textbook or elsewhere. Learn it well and critically.
8. Do not believe any of the economics I present in class. Learn it well and critically.

Course Outline: The following outline is approximate. We may slow down or speed up in accordance with the needs and demands of the class.

1. Core Topics

- (a) Introduction: Lecture 1; Chapters 1-2
- (b) The Short-run: Lectures 2-5; Chapters 3-6
 - The goods market
 - Financial markets
 - The *IS-LM* model
 - The *extended IS-LM* model
- (c) The Medium-run: Lectures 6-8; Chapters 7-9
 - The labor market
 - The Phillips curve
 - The *IS-LM-PC* model
- (d) The Long-run: Lectures 9-11; Chapters 10-12
 - The facts of economic growth
 - Saving, capital accumulation, and output
 - Technological progress and growth
- (e) Short-run and Medium-run Effects of Technological Progress: Lecture 12; Chapter 13

2. Extensions

- (a) Expectations: Lectures 13-14; Chapters 15-16
 - Consumption and Investment
 - Output and economic policy
- (b) Open Economy Macroeconomics: Lectures 15-18; Chapters 17-20
 - Openness in goods and financial markets
 - The goods market in an open economy
 - The *Mundell-Fleming* model
 - Exchange rate regimes
- (c) Macroeconomic Policy Debates: Lectures 19-21; Chapters 21-23
 - The time inconsistency problem and the political business cycle
 - Fiscal policy
 - Monetary policy
- (d) Post-war Macroeconomics in Historical Perspective: Lecture 22; Chapter 24