



Intermediate Macroeconomics
ECON 4020-002 * Fall 2014
M/W 8:05 AM - 9:25 AM * BUC 305

Mikidadu Mohammed
Instructor
Economics Department

Office hours: W 11:00 – 12:00 or by appointment
OSH 343 Cubicle #5
Email: mikidadu.mohammed@utah.edu

Course Description:

This intermediate level macroeconomics course builds upon Econ 2020 - Principles of Macroeconomics. It extends your knowledge about the macroeconomy and, specifically, about the determination of output, unemployment, and inflation. The course is divided into three parts: core, extensions, and policy. We begin with the core by analyzing the economy over three time horizons: the short run, the medium run, and the long run. Our discussion will center on the workings of and interactions among three main markets of a modern economy: the goods market, the financial market and the labor market. The core however leaves out several relevant elements crucial to understanding modern economies which we explore in greater details in two extensions: expectations and the open economy. The analysis in the extensions will cover issues related to people's and firms' expectations about the future, exchange rate, external imbalances, and capital flows and their effects on domestic markets. Finally, while macroeconomic policies (fiscal and monetary) will be discussed throughout the semester, we take a deeper look at the role of fiscal and monetary policy to gain insights into key macroeconomic issues concerning unemployment, inflation, and stabilization in closed and open economies.

Course Objectives:

At the completion of this course, students are expected to:

1. understand the principles that underline the workings of the goods market, the financial market, and the labor market in a modern economy.
2. understand the sources of economic growth over the short run, the medium run, and the long run.
3. appreciate the essential role of expectations in macroeconomics, particularly how fiscal and monetary policy affect economic activity through their effects on people's and firms expectations.
4. be able to use macroeconomic models to analyze an economy and to derive the effects of fiscal and monetary policies.

Course Material:

Required Textbook

Macroeconomics, 6th ed., by Olivier Blanchard and David B. Johnson, Prentice Hall.

The textbook can be purchased from the university's bookstore. An older edition may work as well with certain adjustments. Those with the 5th edition are strongly advised to read "Changes From the Fifth to Sixth Edition" page xiv of the 6th edition from their classmates.

Other materials

Various blogs that focus on macroeconomic issues are available online. Some of these are Financial Times' blogs (<http://www.ft.com/comment/blogs>), Bill Goffe's site (http://www.rfe.org/showCat.php?cat_id=41), and Paul Krugman's blog (<http://krugman.blogs.nytimes.com>). As I find interesting articles for you to read I will post them or the link to them on the Canvas.

Course Organization:

Requirements

There will be four quizzes (20%), two assignments (20%), one in-class midterm exam (30%), and one in-class final exam (30%).

Grades will follow an absolute scale according to the university's requirements: [in %] 93+ A, 90-92 A-, 86-89 B+, 82-85 B, 79-81 B-, 76-78 C+, 73-75 C, 70-72 C-, 67-69 D+, 64-66 D, 60-63 D-, <60 F.

Students who typically do well in the course are those who come to class every day on time and take good notes. Students who usually get lower grades are those who miss classes and/or come late and fail to take good notes. Even if you are able to borrow a classmate's notes, they are not a perfect substitute for you being in class and taking your own notes. Writing out problems and notes in class reinforces the concepts discussed and will help you do better on the assignments and exams and most importantly enrich your understanding of intermediate macroeconomics.

Late assignments and make-up exam policy:

All quizzes and assignments will be posted on canvas unless otherwise stated. The system will be set up such that no answers can be submitted after the deadline. In other words no late assignments will be accepted. In terms of make-up exams, you will have to give me at least 4 weeks notice otherwise no make-up exam will be available. In case of family or personal medical emergency you will need to provide a note from a physician/hospital which will be checked by the department.

Americans with Disabilities Act (ADA) Statement:

The University of Utah seeks to provide equal access to its programs, services, and activities for people with disabilities. If you will need accommodations in the class, reasonable prior notice needs to be given to the Center for Disability Services, 162 Olpin Union Building, 581-5020 (V/TDD). CDS will work with you and the instructor to make arrangements for accommodations. All information in this course can be made available in alternative format with prior notification to the Center for Disability Services.

Wellness Statement

Personal concerns such as stress, anxiety, relationship difficulties, depression, cross-cultural differences, etc., can interfere with a student's ability to succeed and thrive at the University of Utah. For helpful resources contact the Center for Student Wellness - www.wellness.utah.edu; 801-581-7776.

Key Dates

Classes begin: Monday August 25

Assignment 1: October 1 (Due October 6)

Midterm Exam: Monday October 27 from 8:05 - 9:25am

Fall Break: October 13 and 15 (No Class)

Assignment 2: December 3 (Due December 8)

Classes end: Friday, December 12

Final Exam: Tuesday, December 16 from 8:00 - 10:00 am

Tentative Schedule

Week	Topic	Readings
1	Introduction to Macroeconomics The Goods Market	Ch 1, 2 Ch 3
2	The Goods Market Financial Markets	Ch 3 Ch 4
3	Financial Markets The IS-LM Model	Ch 4 Ch 5
4	The IS-LM Model The IS-LM Model	Ch 5 Ch 5
5	The Labor Market The AS-AD model	Ch 6 Ch 7
6	The AS-AD model The AS-AD model <i>Assignment 1 (Due October 6)</i>	Ch 7 Ch 7
7	The Phillips Curve, the Natural Rate of Unemployment, and Inflation The Phillips Curve, the Natural Rate of Unemployment, and Inflation	Ch 8 Ch 8
8	***Fall Break*** ***Fall Break***	No Class No Class
9	The Crisis The Facts of Growth Midterm Review	Ch 9 Ch 10
10	<i>Midterm Exam (Monday October 27, 2014 8:05 – 9:25am)</i> Saving, capital accumulation and output	Ch 11
11	Saving, capital accumulation and output Technological progress and growth	Ch 11 Ch 12
12	Technological progress: the short, the medium, the long run Expectations	Ch 13 Ch 14;15
13	Expectations Openness in goods and financial markets	Ch 16;17 Ch 18
14	The goods market in an open economy The goods market in an open economy	Ch 19 Ch 19
15	Output, the interest rate, and the exchange rate Back to Policy <i>Assignment 2 (Due December 8)</i>	Ch 20 Ch 22;23
16	Back to Policy Wrap-up and Review for Final Exam	Ch 24
17	<i>Final Exam (Tuesday, December 16, 2014 8:00 - 10:00 am)</i>	