

University of Utah, Summer 2015
Syllabus for Econ 4020-090
Intermediate Macroeconomics

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Class time and location: online course

Course Webpage

Course materials will be organized into nine modules on Canvas, each module representing one chapter of the text. It is your responsibility to visit Canvas regularly to get course materials, submit homework, and participate in discussion boards.

Textbook

Macroeconomics: Institutions, Instability, and the Financial System, Wendy Carlin and David Soskice, First Edition, Oxford, 2015. This textbook is required. Get a copy by May 18th. At the latest, May 27th.

Macroeconomics: Imperfections, Institutions, and Policies, Wendy Carlin and David Soskice, First Edition, Oxford, 2006. This textbook is not required, but we will study Chapter 2 from this book, which I will post on Canvas.

Course Objective and Description

The goal of this course is to equip you with simple macroeconomic models that you can use to understand economic behaviors and policy issues at macro scale. In most other intermediate macroeconomics courses a similar goal is pursued by exposing students to IS-LM and AS-AD models, even though they lack realistic explanations of changing equilibriums and are much removed from the way macroeconomics is done by contemporary practitioners and researchers. We too will study these traditional models, as they are still useful as analytical tools for thinking about deflation, open economy, etc. However, we will quickly move onto the IS-PC-MR model, which is our workhorse model. This model is simple, yet it reflects realistic institutional arrangements of modern developed economies and provides you with better insights to economic processes behind macroeconomic changes and stabilization policy. The IS-PC-MR model will also form a backbone for further analytical frameworks, which we will study to understand monetary and fiscal policy and the interplay between macroeconomics and finance.

Expectations

Students have various expectations about taking online courses. To avoid any surprises later, read carefully what is expected to succeed and determine if this course is for you or not.

You will be learning the IS-PC-MR model and other analytical frameworks mainly through reading Carlin and Soskice. Thus, your main responsibility is to strive to comprehend the assigned reading, possibly with my help. The role of four assignments throughout the semester is to motivate you to read and comprehend the assigned chapters. The role of final exam is to check whether or not you have indeed comprehended the reading to a satisfactory degree.

Approximately every ten days you will need to read and understand one assigned chapter and complete numerous end-of-chapter questions, which require written answers. This will take you at least 16-18 hours of study every ten days. Anyone who spends less time and effort than that is unlikely to pass this course with a C grade or better. It is essential to know now that you can dedicate yourself to those hours of serious study before you commit to this course.

The necessity of reading and comprehending each and every assigned chapter cannot be stressed enough.

There will be about 20 end-of-chapter questions due approximately every twenty days. You will be asked to answer the questions on your own as they are designed to check whether or not you have read and understood the assigned chapters. Questions will be relatively straightforward and you should be able to answer them, provided you have done your part.

Do not obtain quick and easy answers from others or myself. This technique will not help you learn and will be considered cheating. Do your own work. Focus your efforts on understanding the reading so you can answer the questions for yourself. I will help you with the concepts from the reading, but I will leave the questions to you as a way to determine if you are striving to learn or just wasting your education.

The required textbook by Carlin and Soskice is new to the market. It is one of the first textbooks that incorporate finance into macroeconomics. This is the book to learn from if you want to move beyond the textbook models of IS-LM and AS-AD and start thinking about macroeconomics as it is often practiced by policy makers and researchers. The cost of using this excellent and pioneering text is that it is conceptually more advanced compared to traditional intermediate macroeconomics textbooks. You must be prepared to devote your time to hours of serious reading and have a genuine interest in nontrivial issues. Look at the head materials and Chapter 1 available on Amazon.com for preview to determine if this book is for you.

It is expected that you have access to a proctored testing center. You will be required to take a final exam, which is 80% of the total grade, at a proctored testing center. There is no exception to this rule. See below for more information.

Class Interaction

One discussion board will be created for each chapter. This is a place where you can ask questions concerning things you don't understand. I encourage you to participate in helping other people. People who actively participated in answering questions and helping others in discussion boards will be noted and graded favorably when a letter grade is assigned after the final exam.

The board is to discuss about concepts. Asking questions specific about homework questions will be considered cheating. It is a place for pure learning.

Course Grade

Final exam: 80%

Homework: 20%

Grading Scale

92-100%=A, 90-91%=A-, 87-89%=B+, 82-86%=B, 80-81%=B-, 77-79%=C+, 72-76%=C, 70-71%=C-, 67-69%=D+, 62-66%=D, 60-61%=D-, 0-59%=E

People who actively participated in answering questions and helping others in discussion boards will be noted and graded favorably when a letter grade is assigned after the final exam.

Final Exam

The final exam must be taken at a proctored testing center. There is no exception to this rule. If you cannot be present at the on-campus testing center during the final exam period (August 6-7), please find a local proctored testing center in your area and make an arrangement well in advance to take the exam during the final exam period.

The role of final exam is to check whether you have comprehended the assigned reading satisfactorily. Thus, the best and only way to prepare for the final exam is to strive to read and comprehend the assigned chapters as the summer goes on.

Homework

Homework is due approximately every twenty days. You will be required to submit typed answers to numerous end-of-chapter questions via Canvas. The number of questions in each homework will be about 20. I will choose 2 to 3 of them to grade. Each of the selected questions will get either 0 or 1 point: 0 points if the answer is on a wrong track or has too many major problems; 1 point if the answer is on the right track and has at most a small number of minor and/or major problems.

If you fail to submit homework on time, you must submit it as late. If you submitted the homework on time, but your graded and/or nongraded answers show significant lack of understanding, you will be asked to redo and resubmit the homework. In both cases, the late

submission or the redo will be due when the next new homework is due, approximately twenty days from the last due date.

Submitting missed homework or redone homework will not change the original grade you received. However, if you fail to provide a redone or late submission on time with satisfactory answers, your final grade will be lowered by one full letter grade.

Answers to questions will not be provided in most cases since they will be relatively straightforward and you should be able to answer them, provided you have done your part.

The role of homework is to motivate you to read and comprehend the assigned chapters. It is at your best interest to diligently work to understand the assigned reading and get satisfactory answers the first time.

Due dates for homework assignments are as follows:

- Homework 1 on Chapter 2 from Carlin and Soskice (2006) and Chapter 1: 6/6
- Homework 2 on Chapter 2 and Chapter 3: 6/26
- Homework 3 on Chapter 4 and Chapter 5: 7/14
- Homework 4 on Chapter 6, Chapter 13, Chapter 14: 8/2

Topics and Schedule

IS-LM and AS-AD models:

- Chapter 2 Aggregate demand, aggregate supply, and business cycles from Carlin and Soskice (2006), 5/18 - 5/27

IS-PC-MR model:

- Chapter 1 The demand side, 5/28 - 6/6
- Chapter 2 The supply side, 6/7 - 6/16
- Chapter 3 The three equation model and macroeconomic policy, 6/17 - 6/26

Risk, uncertainty, and expectations:

- Chapter 4 Expectations, 6/27 - 7/4

Interaction between macroeconomics and finance:

- Chapter 5 Money, banking and the macro-economy, 7/5 - 7/13
- Chapter 6 The financial sector and crisis, 7/14 - 7/22

Monetary and fiscal policy:

- Chapter 13 Monetary policy, 7/23 - 7/30
- Chapter 14 Fiscal policy, 7/31 - 8/2