

ECON 4020 INTERMEDIATE MACROECONOMICS

Fall 2018

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Time: T & Th; 09:10AM-10:30AM
Place: UNION THTR

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Office Hours: T; 04:00PM-06:00PM.

Graduate Teaching Assistant: Pedro Clavijo

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Course Pages:

- [Canvas](#)

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

This course fulfils “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 related 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 the 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 crises, and the appropriate remedies to these problems. This course will develop a series of analytical macroeconomic models 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.

Textbook Reference:

- Blanchard, Olivier. (2017). *Macroeconomics*. Boston: Pearson. 7th Edition.

We will use intensively the most recent edition (7th). This is a substantially revised edition, so we will not follow the earlier editions.

Complimentary Readings:

- Baumol, William and Alan Blinder (2012). *Macroeconomics. Principles and Policy*. Mason: South-Western CENGAGE Learning. 12th Edition.
- Snowden, Brian and Howard Vane (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. *New York Times*, *Financial 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 the leading economists is *Project Syndicate*, available here: <https://www.project-syndicate.org/section/economics>.

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.

Exams and Grading Policy: The course grade will be based on two exams: one in-class midterm exam and one in-class final exam; and five homework assignments:

Homework Assignments (20%) + Midterm Exam (40%) + Final Exam (40%)

There will be no make-up exams and late assignments will not get credit except in the cases of: a) medical emergencies; b) officially sanctioned University activities; and c) 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 b) and c), students should get in touch with me at least one week before the exam and reschedule the exam. 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:

Homework Assignment #1	Thursday, September 6
Homework Assignment #2	Tuesday, September 18
Revision Session #1 (Midterm Exam)	Tuesday, September 25
Midterm Exam	Tuesday, October 2
NO CLASS	Thursday, October 4
Fall Break	Sunday-Sunday, October 7-14
Homework Assignment #3	Tuesday, October 30
Homework Assignment #4	Tuesday, November 13
Thanksgiving Break	Thursday-Sunday, November 22-25
Homework Assignment #5	Tuesday, November 27
Revision Session #2 (Final Exam)	Tuesday, December 4
Final Exam	Friday, December 14: 8:00AM-10:00AM

Class Rules:

1. I encourage student cooperation in homework assignments. However, each student must present his or 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: <http://regulations.utah.edu/academics/6-400.php#SECTION%20V>. 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. Come to class in time.
4. Read the assigned material in advance and familiarize with the subject before the lecture.
5. 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.
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.

Students with Disabilities: 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 (see also <http://disability.utah.edu/>).

Reminder: As the only institution in the state classified in the highest research category (R1), at the University of Utah you will have access to state-of-the-art research facilities and be able to be part of the knowledge creation process. You will have the opportunity to do research of your own with faculty who are leading experts in their field, engaging in programs that match your research interests. Further, you will interact with and often take classes with graduate students that provide an advanced understanding of the knowledge in your field.

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

- **Core Topics**

1. Introduction: Lecture 1; Chapter 2
2. The Short-run: Lectures 2-5; Chapters 3-6
 - The goods market
 - Financial markets
 - The *IS-LM* model
 - The extended *IS-LM* model
3. The Medium-run: Lectures 6-8; Chapters 7-9
 - The labor market
 - The Phillips curve
 - The *IS-LM-PC* model
4. The Long-run: Lectures 9-11; Chapters 10-12
 - The facts of growth
 - Saving, capital accumulation, and output
 - Technological progress and growth
5. The short-run and medium-run effects of technological progress: Lecture 12; Chapter 13

- **Extensions**

1. Expectations: Lectures 13-14; Chapters 15-16
 - Consumption and Investment
 - Output and economic policy
2. 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
3. Macroeconomic Policy Debates: Lectures 19-21; Chapters 21-23
 - The time inconsistency problem and the political business cycle
 - Fiscal policy
 - Monetary policy
4. Post-war Macroeconomics in Historical Perspective: Lecture 22; Chapter 24

