

Econ 3133.001 Intermediate Macroeconomic Theory

Instructor: Firat Demir, Office: Cate Center 1, Room 436, Office Hours: W 9:00-11:00, Tel. 325-5844, E-mail: fdemir@ou.edu, Class time: TR 9:00-10:15 am Cate Center 1 174

1. Course Objective

This is an intermediate level macroeconomics course. During the semester we will analyze the determinants of several macroeconomic variables in the short, medium and long run including national income, money and credit, inflation, employment, business cycles, economic growth and open economy. The main objectives are:

- To explain how the macroeconomy is structured (goods/asset markets, inflation, unemployment, etc.).
- To provide students with the theoretical knowledge behind macroeconomic policy-making.
- To enable students to develop necessary skills to apply the methods and models to policy making as well as to current economic debates, including competing theoretical approaches.
- To discuss how monetary and fiscal policies can impact the aggregate economy.
- To explore the causes of long term economic growth and short term economic fluctuations.
- To introduce students to open economy macroeconomics.

2. Course Structure

The course is designed around lectures, assigned readings and class discussions. The students are expected to come to each class after having read the assigned readings, and to participate in classroom discussions. The topics covered in the lectures will overlap the materials found in the textbook. However, the lectures and discussions will, on occasion, cover some materials that are not found in the textbook or in the assigned readings. Students will be responsible on examinations for ALL ASSIGNED MATERIALS. Note, since each examination will include some material that is not in your textbook, it is *strongly* recommended that you attend the lectures.

3. Course Requirements

The final grade will be based on your performance from: a) two midterm exams (25% each) and a comprehensive final exam (30%); b) homework assignments and quizzes (15%); c) class attendance and participation (5%).

4. Exam Structure

The midterms are non-comprehensive. However, all parts of the course are closely related and therefore you need to have a good understanding of the previous material in order to understand the later parts. The purpose of exams is twofold: to enhance your understanding of theories and concepts, and to encourage you to apply the theories to the real world. Therefore you may expect applied as well as theoretical questions.

5. Policy on Make-up Exam

There are no make-up exams. If you miss an exam because of a *valid reason* the weight of the final exam will be increased by 25%. Otherwise you will receive zero.

6. Assignments, Quizzes and Attendance Policy

There will a total of 6-10 homework assignments/quizzes, and random pop quizzes. Although attendance is voluntary, it is strongly recommended. I will take attendance every class and your class attendance and participation will count towards 5% of your final grade. I will waive 3 days of missing attendance.

7. Textbook and Additional Readings

- Olivier Blanchard, [Macroeconomics](#), Prentice Hall, 7th, 2017.
- Additional readings are available from the course website at *Canvas*.

8. Useful Websites

- Bureau of Economic Analysis: www.bea.gov
- Bureau of Labor Statistics: www.bls.gov
- Economic Report of the President: www.gpoaccess.gov/eop/
- Federal Reserve System: www.federalreserve.gov
- Federal Reserve Bank of St. Louis: <https://fred.stlouisfed.org>
- US Treasury: <http://www.ustreas.gov>
- International Monetary Fund: www.imf.org
- World Bank: www.worldbank.org
- European Central Bank Statistical Data Warehouse: <http://sdw.ecb.int/>
- Resources for Economists: www.rfe.org

9. Academic Ethics

Cheating on assignments and exams, or plagiarizing (misrepresenting as one's own anything done by another) is penalized by the University of Oklahoma. A student found in such a situation will be given an F and will be brought to University of Oklahoma Honor Council for further penalties as defined under Academic Misconduct. For further information, refer to <http://integrity.ou.edu/>

10. Students with Disabilities

Any student who feels he or she may need an accommodation based on the impact of a disability should contact me privately as soon as possible to discuss his or her specific needs. For details refer to <http://drc.ou.edu/>

11. Laptop and Phone Policy

The use of laptops and tablets is subject to permission from the instructor. Mobile phones must either be switched off or set to the silent mode during lectures and texting is NOT allowed. If there is an emergency and you need to answer your phone you have to leave the classroom. This rule will be strictly enforced. The use of such devices in the classroom impedes not only your learning but also those who are seated near you.

12. Grading Scale

97.5-100:	A+	77.5-79.9:	C+
95-97.49:	A	72.5-77.49:	C
90-94.49:	A-	70-72.49:	C-
87.5-89.9:	B+	60-69.9:	D
82.5-87.49:	B	<60	F
80-82.49:	B-		

Your final grade will follow the University of Oklahoma's grading scale, that is A, B, C, D, and F without the intermediate grades on the left.

I reserve the right to adjust this schedule of grade equivalents in the student's favor.

13. Course Outline and Reading Assignments

The following is a tentative list of topics and required readings. Chapter numbers refer the Blanchard textbook (7th ed.). Additional readings will be assigned from time to time.

I. Introduction

1. The Vocabulary of Macroeconomics, Ch. 2
2. Macroeconomics in the Real World, Ch. 1; IMF, [World Economic Outlook](#), October 2018, Ch. 1.

II. The Core: Models and Policy Analysis

3. The Goods Market, Ch. 3
4. Financial Markets 1, Ch. 4
5. Goods and Financial Markets: The IS-LM model, Ch. 5
 - Leonhardt, D. (2016). [The American Dream, Quantified at Last](#), *New York Times*, December 8. Also listen to: <https://www.npr.org/2016/12/09/505012132/economists-chart-index-of-the-american-dream-in-the-new-york-times>
 - Rushe, D. (2017). [We are a cautionary tale': Kansas feels the pain of massive Trump-style tax cuts](#). *The Guardian*, May 15.
 - Hobson, J. 2017. [What Happened To The Economy In Kansas?](#) *WBUR* October 25.
 - Cobb, R. 2017. [Oklahoma isn't working. Can anyone fix this failing American state?](#) *The Guardian*, August 29.
 - Hungerford, T.L. (2012). [Taxes and the Economy: An Economic Analysis of the Top Tax Rates since 1945](#). *Congressional Research Service*, CRS Report for Congress, September 12.
 - *Arestis, P. and Pelagidis, T. (2010). [Absurd Austerity Policies in Europe](#), *Challenge* 53(6), 54-61.
 - *Griffith-Jones, S. and Jolly, R. (2013). [Be Outraged by Austerity](#), *Challenge* 56(1), 40-60.
 - *Pollin, R. (2010) [Austerity Is Not a Solution](#), *Challenge* 53(6), 6-36.

Exam 1: February 14

6. The Labor Market, Ch. 7;
 - [P. Krugman \(2010\). Structure of Excuses, NYT](#);
 - [L. Mishel \(2011\), Regulatory Uncertainty, EPI](#)
7. Technological Progress, Wages, and Unemployment, Ch. 13 (pp.271-278)
 - Howell, D.R (1994). [The Skills Myth](#). *The American Prospect*, 5(18), 81-90.
 - Levy, F. (2007). [The Failed Promise](#). *Challenge* November-December.
 - Glyn, A., Howell, D. and Schmitt, J. (2006). [Labor Market Reforms: The Evidence Does Not Tell the Orthodox Tale](#), *Challenge* 49(2), 5-22.
 - Schmitt, J., Gould, E., and Bivens, J. 2018. [America's slow-motion wage crisis. Four decades of slow and unequal growth](#). Economic Policy Institute. September 13.
8. The Philips Curve, NAIRU and Inflation, Ch. 8.
 - Stiglitz, J. E. (1997). Reflections on the Natural Rate, *Journal of Economic Perspectives* 11(1).
 - Bivens, J. (2017). [Cutting corporate taxes will not boost American wages](#). October 25.
9. The IS-LM-PC Model, Ch. 9
 - Hungerford, T.L. (2013). [Corporate tax rates and economic growth since 1947](#). EPI Brief 364.

Exam 2: March 28

III. Economic Growth

10. Some Stylized Facts, Ch. 10 & Handout
11. Saving, Capital Accumulation and Growth, Ch. 11
12. Technological Progress and Growth, Ch. 12

IV. The Open Economy

13. Openness in Goods and Financial Markets, Ch. 17
14. The Goods Market in an Open Economy, Ch. 18

V. Current Policy Issues

15. The Great Recession: Global Financial Crisis of 2008- 2011, Ch. 6, 28; [Krugman \(2009\)](#); [Blanchard \(2009\)](#); [Stiglitz, J. \(2008\)](#); [Roubini \(2009\)](#); [Stiglitz \(2011\)](#).
 - Rodrik, D. (2017). [The fatal flaw of neoliberalism: it's bad economics](#), The Guardian, Nov 14.
 - Johnson, S. (2009). [The Quiet Coup](#), *The Atlantic*.
 - Rajan, R. (2011). [Why Did Economists Not Foresee the Crisis?](#) *Project Syndicate*.
 - *White, L. J. (2010). The Credit Rating Agencies. *Journal of Economic Perspectives* 24(2): 211-226.

Final Exam: May 8, 8:00am - 10:00 am

13. Tentative Schedule

Week	Date	Chapters
1	15-Jan	1,2
	17-Jan	2
2	22-Jan	3
	24-Jan	3
3	29-Jan	3
	31-Jan	4
4	5-Feb	4
	7-Feb	5
5	12-Feb	5
	14-Feb	Exam 1
6	19-Feb	7
	21-Feb	7
7	26-Feb	13
	28-Feb	13
8	5-Mar	8
	7-Mar	8
9	12-Mar	8
	14-Mar	9
10	19-Mar	<i>Spring Break</i>
	21-Mar	<i>Spring Break</i>
11	26-Mar	9
	28-Mar	Exam 2
12	2-Apr	10
	4-Apr	10
13	9-Apr	11
	11-Apr	11
14	16-Apr	12
	18-Apr	17
15	23-Apr	17
	25-Apr	18
16	30-Apr	Global Financial Crisis
	2-May	Global Financial Crisis
	May 8	Final Exam: 8:00 – 10:00 am