

Econ 3133.005 Intermediate Macroeconomic Theory

Instructor: Firat Demir

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Class time: MW 1:30-2:45 pm. Physical Sciences Center Rm. 0363

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, employment, business cycles, open economy macroeconomics, and economic growth. The main objectives of the course are:

- To provide students with the theoretical knowledge behind macroeconomic policy-making including a variety of methods and models used for this purpose.
- To enable students to develop necessary skills to apply the methods and models to policy making as well as current economic debates.

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 formal lectures.

3. Course Requirements

The final grade will be based on your performance from: a) two non-comprehensive midterm exams (25% each) and a comprehensive final exam (35%); b) homework assignments and quizzes (10%); c) attendance (5%).

4. 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 obtain a score equal to zero.

5. Homework Assignments and Attendance Policy

Late submissions of homework assignments will *not* be accepted. Although attendance is voluntary, it is strongly recommended. I will take attendance every class and your overall attendance will count towards 5% of your final grade (I will drop 3 missing days from final calculation).

6. Textbook and Additional Readings

Olivier Blanchard, [Macroeconomics](#), Prentice Hall, 5th (Updated) Edition, 2010. The textbook web site includes useful study guides and internet exercises.

Additional readings are available from the course website at learn.ou.edu.

7. 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
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/>
Economics Data: <http://www.econstats.com/index.htm>
Resources for Economists: www.rfe.org

8. 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://www.ou.edu/honorcouncil/index.html>

9. 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/>

10. 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+	67.5-69.9:	D+
82.5-87.49:	B	62.5-67.49:	D
80-82.49:	B-	60-62.49:	D-
		less than 60	F

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.

11. Course Outline and Reading Assignments

The following is a tentative list of topics and required readings. Additional readings may be assigned from time to time.

Course Outline

I. Introduction

1. The Vocabulary of Macroeconomics, Ch. 2
2. Macroeconomics in the Real World, Ch. 1; IMF, [World Economic Outlook](#), October 2010, Ch. 1.

II. The Core: Models and Policy Analysis

a. Goods and financial markets: Income determination in the short run

3. The Goods Market, Ch. 3
4. Financial Markets, Ch. 4
5. Goods and Financial Markets: The IS-LM model, Ch. 5, Sections 1 and 2
6. Fiscal and Monetary Policy, Ch. 5, Sections 3, 4 and 5
7. Nominal and Real Interest Rates, Ch. 14

Exam 1: February 24

b. The medium run and the AD-AS model

8. The Labor Market and the Rate of Structural Unemployment, Ch. 6
9. The AD-AS Model: Income Determination in the Medium Run, Ch. 7
10. The Natural Rate of Unemployment and the Phillips Curve, Ch.8; Stiglitz, J. E. (1997). Reflections on the Natural Rate, *Journal of Economic Perspectives* 11(1).
11. Inflation, Activity, and Nominal Money Growth, Ch. 9

Exam 2: April 4

III. Economic Growth

12. Some Stylized Facts, Ch. 10
13. Physical and Human Capital Accumulation, Ch. 11
14. Technological Progress and Long Run Growth, Ch. 12
15. Technological Progress, Wages, and Unemployment, Ch. 13; Howell, D.R (1994). The Skills Myth. *The American Prospect*, 5(18). pp.81-90.; Levy, F. (2007). The Failed Promise. Challenge November-December.

IV. The Open Economy

- 16. Openness in Goods and Financial Markets, Ch. 18
- 17. The Goods Market in an Open Economy, Ch. 19
- 18. Output, the Interest Rate, and the Exchange Rate: The Mundell-Fleming Model, Ch. 20

V. Current Policy Issues

- 19. The Great Recession: Global Financial Crisis of 2008- 2011, Ch. 28; Montiel (2009) (*handout*); Blanchard (2008).

Final Exam: Monday, May 9, 08:00 - 10:00 am