

Econ 4353
Intermediate Macroeconomics
FALL 2017

Instructor: Prof. Aaron Hedlund (hedlunda@missouri.edu – include “4353” in subject)

Time and Location: T, R 12:30pm – 1:45pm, Agriculture Bldg 2-16

Office Hours: T, R 8:00am – 9:30am By Appointment, 226 Professional Building

Canvas: <https://missouri.instructure.com>

Dropbox Link: <https://www.dropbox.com/sh/717bzqtccn7shiy/AACjN9h8PXISqmFAVDIXbM1Ea?dl=0>

Final Exam: Thursday, December 14, 7:30am – 9:30am

Overview and Objectives

Course Description

The purpose of this course is twofold. Substantively, this course aims to give you a broad understanding of such macroeconomic topics as economic growth, business cycles, fiscal and monetary policy, and the aggregate consequences of market frictions. The second purpose of this course is to strengthen your grasp of economic methodology by developing your economic intuition and technical skills.

This course will introduce you to modern macroeconomic theory *as it is currently practiced by macroeconomists*. The hallmark of this approach is to root macroeconomics in microeconomic theory, recognizing that all macroeconomic phenomena arise from the complex interaction and aggregation of individual behavior.

Course Objectives

My goals for you this semester are as follows:

1. That you be able to engage in substantive discussions of macroeconomics and make informed judgments about the causes, implications, and possible policy responses to various economic phenomena.
2. That you further develop your economic intuition and improve your mastery of the technical skills used in economic analysis.

3. That you mature in your understanding of the role of economics in society, including recognizing the circumstances in which it does and does not have a comparative advantage in informing one's worldview.

Prerequisites

Throughout the course, we will regularly solve constrained optimization problems with multiple variables, solve systems of equations, and analyze the static and dynamic properties of different economic models. Sufficient preparation for this course includes intermediate microeconomics and a strong background in calculus.

Resources

Required Text

The only required text for this course is *Macroeconomics*, 5th edition, by Stephen Williamson. Obtaining an earlier version of the book is done at your own risk. I will also regularly post supplementary readings and notes on Blackboard.

Assessment

Your course grade will consist of the following:

- Participation: 5%
- Assignments: *UNGRADED*
- Quizzes: 20%
- Midterms: 40% (25% higher scoring exam, 15% lower scoring exam)
- Final Exam: 35%

Participation The participation component of your grade will be based on evidence of your preparation and engagement with the material in class. Evidence of engaged learning includes timely arrival to class with demonstrated preparedness, contributing to class discussions, and eagerness to share one's learning.

Assignments There will be periodic assignments with an emphasis on applications. As these assignments are purely for your own benefit, they will not be graded. Answers will be provided after the “due date” to those who complete the assignments.

Quizzes There will be two quizzes during the semester between the two midterms. These will be similar in format to the midterms but shorter and more targeted. These quizzes are meant to gauge your ongoing progress and absorption of the material.

Midterms There will be two midterms during the semester. They will be **cumulative**. The format of each exam will be primarily short answer questions, including problem solving and discussion questions. To calculate your semester grade, I will assign a 25% weight to your higher scoring exam and a 15% weight to your lower scoring exam. There are **no make-up midterms**. In the event that you cannot take the exam, your other exam will count towards 25% of your semester grade, and the other 15% weight will be added to the final exam. If you know ahead of time that you will miss both exams, please contact so that we can formulate an appropriate arrangement.

Final Exam The final exam will be cumulative and will account for 35% of your grade.

Grading Scale Semester grades will be based on a fixed grading scale, except that I reserve the right to curve exam grades *upward* in the event that a disproportionate fraction of the class does poorly. In other words, if you demonstrate a high degree of competence with the material, you will receive a high grade regardless of your relative rank in the class. There will be **no rounding** of semester grades.

The grading scale is as follows: A+ (97 – 100), A (93 – 96.99), A- (90 – 92.99), B+ (87 – 89.99), B (83 – 86.99), B- (80 – 82.99), C+ (77 – 79.99), C (73 – 76.99), C- (70 – 72.99), D+ (67 – 69.99), D (63 – 66.99), D- (60 – 62.99), F (<60).

Course Outline

1. Introduction and Review

- (a) Introduction
- (b) Math/Microeconomics “Review”

2. A One-Period Model of the Macroeconomy

- (a) Consumer and Firm Behavior
- (b) A Closed-Economy One-Period Macroeconomic Model
- (c) Search and Unemployment

QUIZ 1 (covers section 2)

3. Economic Growth

- (a) Exogenous Growth: Malthus and Solow
- (b) Endogenous Growth: Human Capital and Innovation

MIDTERM 1 (focuses on sections 1 – 3)

4. Savings, Investment, and Government Deficits

- (a) A Two-Period Model: The Consumption-Savings Decision and Credit Markets
- (b) Credit Market Imperfections
- (c) A Real Intertemporal Model with Investment

QUIZ 2 (covers section 4)

5. Money and Business Cycles

- (a) Money, Banking, Prices, and Monetary Policy
- (b) Business Cycle Models with Flexible Prices and Wages
- (c) New Keynesian Economics: Sticky Prices

MIDTERM 2 (focuses on sections 4 – 5)

6. International Macroeconomics

- (a) International Trade in Goods and Assets
- (b) Money in the Open Economy

7. Other Topics

8. FINAL EXAM: Thursday, December 14, 7:30am – 9:30am

MU Policies

Academic Integrity

Academic integrity is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards breaches of the academic integrity rules as extremely serious matters. Sanctions for such a breach may include academic sanctions from the instructor, including failing the course for any violation, to disciplinary sanctions ranging from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, collaboration, or any other form of cheating, consult the course instructor.

Accommodation of Disabilities

If you anticipate barriers related to the format or requirements of this course, if you have emergency medical information to share with me, or if you need to make arrangements in case the building must be evacuated, please let me know as soon as possible. If disability related accommodations are necessary (for example, a note taker, extended time on exams, captioning), please register with the Office of Disability Services (<http://disabilityservices.missouri.edu>), S5 Memorial Union, 882-4696, and then notify me of your eligibility for reasonable accommodations. For other MU resources for students with disabilities, click on "Disability Resources" on the MU homepage.

Intellectual Pluralism

The University community welcomes intellectual diversity and respects student rights. Students who have questions or concerns regarding the atmosphere in this class (including respect for diverse opinions) may contact the Departmental Chair or Divisional Director; the Director of the Office of Students Rights and Responsibilities (<http://osrr.missouri.edu/>); or the MU Equity Office (<http://equity.missouri.edu/>), or by email at equity@missouri.edu. All students will have the opportunity to submit an anonymous evaluation of the instructor(s) at the end of the course.