

## **Econ 3133.002 Intermediate Macroeconomic Theory**

### **Instructor: Firat Demir**

Office: Hester Hall 324A, Office Hours: TR 13:00-15:00, Tel. 325-5844, E-mail: [fdemir@ou.edu](mailto:fdemir@ou.edu)

Class time: TR 9:00-10:15 Physical Sciences Center Rm. 0102

Teaching Assistant: Abhradeep Maiti ([deep@ou.edu](mailto:deep@ou.edu)), Office Hours: MW 10:00-12:00 (Hester Hall H207, Tel. 325-1576)

### **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) three non-comprehensive midterm exams (the best two exams will count towards your final grade (25% each)) and a comprehensive final exam (35%); b) homework assignments and quizzes (10%); d) attendance (5%).

### **4. Policy on Make-up Exam**

There are no make-up exams. If you miss one of the three midterms without a *valid reason*, you will obtain a score equal to zero from that exam and will lose 33% of your overall score from the other two midterms (keep in mind that only the best 2 out of 3 exams will count towards your final grade).

### **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, 4th Edition, 2006

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

## 7. Useful Websites

Bureau of Economic Analysis: [www.bea.gov](http://www.bea.gov)

Bureau of Labor Statistics: [www.bls.gov](http://www.bls.gov)

Economic Report of the President: [www.gpoaccess.gov/eop/](http://www.gpoaccess.gov/eop/)

Federal Reserve System: [www.federalreserve.gov](http://www.federalreserve.gov)

US Treasury: <http://www.ustreas.gov>

International Monetary Fund: [www.imf.org](http://www.imf.org)

World Bank: [www.worldbank.org](http://www.worldbank.org)

Resources for Economists: [www.rfe.org](http://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 Story of Macroeconomics, Ch. 27
2. The Vocabulary of Macroeconomics, Ch. 2
3. Macroeconomics in the Real World, Ch. 1; IMF, [World Economic Outlook](#), April 2007, Ch. 1.

#### II. The Core: Models and Policy Analysis

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

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

#### Exam 1 September 13

b. The Medium Run and the AD-AS Model

8. The Labor Market and the rate of Structural Unemployment, Ch. 6; Stiglitz, J. E. "Reflections on the Natural Rate", *Journal of Economic Perspectives*, Winter 1997, 11(1).
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
11. Inflation, Activity, and Nominal Money Growth, Ch. 9

#### Exam 2 October 11

#### 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.

**IV. Expectations and the Expanded IS-LM model**

- 16. Nominal and Real Interest Rates, Ch. 14
- 17. Financial Markets and Expectations, Ch. 15
- 18. Expectations, Consumption and Investment, Ch. 16
- 19. Expectations, Output, and Policy: The expanded IS-LM model, Ch. 17

**Exam 3 November 15**

**V. The Open Economy**

- 20. Openness in Goods and Financial Markets, Ch. 18
- 21. The Goods Market in an Open Economy, Ch. 19
- 22. Output, the Interest Rate, and the Exchange Rate: The Mundell-Fleming model, Ch. 20
- 23. Exchange Rate Regimes, Ch. 21; Stiglitz, J.E. (2000), Capital Market Liberalization, Economic Growth, and Instability, *World Development* 28(6): 1075-1086.

**VI. Current Policy Issues**

- 24. Uncertainty, Expectations and Policy, Ch. 24
- 25. Monetary Policy: Targets and Design, Ch. 25
- 26. Issues in Fiscal Policy, Ch. 26

**Final Exam: Friday, December 14 - 8:00 - 10:00 am**