

**Econ 3133.995 Intermediate Macroeconomic Theory**

Instructor: Firat Demir; Office: Cate Center 1, Room 436; Zoom Office Hours: M 9:00-11:00 and by appointment; E-mail: [fdemir@ou.edu](mailto:fdemir@ou.edu)

**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 policymaking.
- 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 and assigned readings. The students are expected to complete the assigned readings before working on lecture slides and homework assignments. The topics covered in the lecture slides will overlap the materials found in the textbook. However, the lectures will, on occasion, cover some materials that are not found in the textbook. Students will be responsible on examinations for ALL ASSIGNED MATERIALS.

**3. Course Requirements**

The final grade will be based on your performance from: a) weekly homework assignments through MyLab and Mastering (40%), b) three reaction papers (10%), c) three online discussions (5%), d) two midterm exams and a final exam (15% each).

**4. Assignments and Exams**

Exams: The midterm and final exams 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 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.

All exams will be posted on Canvas and will consist of both multiple choice and essays/analytical questions. You will need to upload your answers to essay questions (in pdf format) as they will involve graphs, equations and numerical answers. You will have two hours (in one sitting) to complete each exam within a 24-hour period. These are closed book exams and plagiarism, or any form of cheating will not be tolerated as you must follow the standards of Academic Integrity of the University of Oklahoma. 45% of final grade.

Homeworks: There will be a total of 15 homework assignments, which will be posted on Canvas through MyLab and Mastering page. Late submissions are not accepted. I will drop the lowest one of your assignments from your final grade. 40% of final grade.

Reaction papers: There will be three reaction papers and you will need to upload your answers (in pdf format) through Canvas. They will be graded as 10-well written and discussed/analytical, 8-sufficient, 6-not critical/poorly written/below the bar. 10% of final grade.

Online discussions: There will be three online discussions on Canvas. They will be kept to maximum 400 words. In addition to your own comments, you will need to react/respond to at least two comments by your classmates. The discussions may take a variety of forms: 1) a critique of one or more points in the readings, 2) a comparison/ contrast with previous readings, 3) questions about the readings. 5% of final grade.

## 5. Policy on Make-up Exam

If you miss an exam because of a *valid reason*, you will have a make-up exam. Otherwise, you will receive zero.

## 6. Textbook and Additional Readings

- Olivier Blanchard, *Macroeconomics*-- MyLab Economics with Pearson eText, Prentice Hall, 8<sup>th</sup>, 2020. *Macroeconomics*
- Additional readings are available from the course website on *Canvas*.

## 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)
- Federal Reserve Bank of St. Louis: <https://fred.stlouisfed.org>
- 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)
- European Central Bank Statistical Data Warehouse: <http://sdw.ecb.int/>
- OECD Stat: <https://stats.oecd.org>
- Resources for Economists: [www.rfe.org](http://www.rfe.org)

## 8. Academic Integrity

Students must follow the standards of Academic Integrity of the University of Oklahoma. Cheating on assignments and exams, or plagiarizing is penalized by the University of Oklahoma. A student found in such a situation will receive a failing grade of F and be brought to University of Oklahoma Integrity Office for penalties as defined under Academic Misconduct. All students should be familiar with the OU Student Guide to Academic Integrity, accessible at <http://integrity.ou.edu/>

## 9. Copyright Statement

Sessions of this course may be recorded or live-streamed. These recordings are the intellectual property of the individual faculty member and may not be shared or reproduced without the explicit, written consent of the faculty member. In addition, privacy rights of others such as students, guest lecturers, and providers of copyrighted material displayed in the recording may be of concern. Students may not share any course recordings with individuals not enrolled in the class or upload them to any other online environment.

## 10. Reasonable Accommodation Policy

The Accessibility and Disability Resource Center is committed to supporting students with disabilities to ensure that they are able to enjoy equal access to all components of their education. This includes your academics, housing, and community events. If you are experiencing a disability, a mental/medical health condition that has a significant impact on one or more life functions, you can receive accommodations to provide equal access. Possible disabilities include, but are not limited to, learning disabilities, AD(H)D, mental health, and chronic health. Additionally, we support students with temporary medical conditions (broken wrist, shoulder surgery, etc.) and pregnancy. To discuss potential accommodations, please contact the ADRC at 730 College Avenue, (ph.) 405.325.3852, or [adrc@ou.edu](mailto:adrc@ou.edu).

## 11. Religious Holidays

It is the policy of the University to excuse the absences of students that result from religious observances and to reschedule examinations and additional required classwork that may fall on religious holidays, without penalty. [See [Faculty Handbook 3.15.2](#)]

## 12. Title IX Resources and Reporting Requirement

Anyone who has been impacted by gender-based violence, including dating violence, domestic violence, stalking, harassment, and sexual assault, deserves access to resources so that they are supported personally and academically. The University of Oklahoma is committed to offering resources to those impacted, including: speaking with someone confidentially about your options, medical attention, counseling, reporting, academic support, and safety plans. If you would like to speak with someone confidentially, please contact [OU Advocates](#) (available 24/7 at 405-615-0013) or another confidential resource (see [“Can I make an anonymous report?”](#)). You may also choose to report gender-based violence and discrimination through other means, including by contacting the [Institutional Equity Office](#) ([ieo@ou.edu](mailto:ieo@ou.edu), 405-325-3546) or police (911). Because the University of Oklahoma is committed to the safety of you and other students, I, as well as other faculty, Graduate Assistants, and Teaching Assistants, are mandatory reporters. This means that we are obligated to report gender-based violence that has been disclosed to us to the Institutional Equity Office. This includes disclosures that occur in: class discussion, writing assignments, discussion boards, emails and during Student/Office Hours. For more information, please visit the [Institutional Equity Office](#).

## 13. Adjustments for Pregnancy/Childbirth Related Issues

Should you need modifications or adjustments to your course requirements because of documented pregnancy-related or childbirth-related issues, please contact your professor or the Accessibility and Disability Resource Center at 405/325-3852 as soon as possible. Also, see the Institutional Equity Office [FAQ on Pregnant and Parenting Students' Rights](#) for answers to commonly asked questions.

## 14. Final Exam Preparation Period

Pre-finals week will be defined as the seven calendar days before the first day of finals. Faculty may cover new course material throughout this week. For specific provisions of the policy please refer to OU's [Final Exam Preparation Period policy](#).

## 15. Mental Health Support Services

If you are experiencing any mental health issues that are impacting your academic performance, counseling is available at the University Counseling Center (UCC). The Center is located on the second floor of the Goddard Health Center, at 620 Elm Rm. 201, Norman, OK 73019. To schedule an appointment call (405) 325-2911. For more information, please visit [University Counseling Center](#).

## 16. Grading Scale

90-100:	A	70-79.9:	C	<60:	F
80-89.9:	B	60-69.9:	D		

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

## 17. Course Outline and Reading Assignments

The following is a tentative list of topics and required readings. Chapter numbers (Ch.) refer the Blanchard textbook (8<sup>th</sup> ed.).

### A. Introduction

1. Macroeconomics in the Real World, Ch. 1; IMF, [World Economic Outlook](#), April 2022, Ch. 1.
2. The Vocabulary of Macroeconomics, Ch. 2, Appendix 1, 2.

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

3. The Goods Market, Ch. 3 & 24-1.
  - Watch: [“J. M. Keynes: What Did We Learn from the Great Depression?”](#) (from the “Economics, USA” TV series)
4. Financial Markets 1, Ch. 4
5. Goods and Financial Markets: The IS-LM model
  - Part 1: Ch. 5
  - Part 2:
    - Classical vs. Keynesian Economics and Covid-19
      - Skidelsky, R. 2020. [Economic Recovery in the Age of COVID-19](#). *Intereconomics* 55(6): 345–349.
      - Baker, D. 2020. [Another Slow Recovery from Economic Disaster](#). *Intereconomics* 55(6): 399–400.
    - Economic Crisis, Tax Cuts, Balanced Budgets and Austerity
      - Hungerford, T.L. 2013. [Corporate tax rates and economic growth since 1947](#). EPI Brief 364.
      - 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.
      - 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.
      - \*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 20

6. The Labor Market, Ch. 7
7. The Philips Curve, NAIRU and Inflation, Ch. 8
8. Technological Progress, Wages, and Unemployment

- Howell, D.R 1994. [The Skills Myth](#). *The American Prospect*, 5(18), 81-90.
  - Bivens, J. 2017. [Cutting corporate taxes will not boost American wages](#). October 25.
  - 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](#)
  - Reaction Paper Assignment 1: Globalization (due March 12)
9. The IS-LM-PC Model, Ch. 9
10. Wages, Growth and Inequality
- 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>
  - Mishel, L. and Kandra, J. 2020. [Wages for the top 1% skyrocketed 160% since 1979 while the share of wages for the bottom 90% shrunk](#). EPI, December 1.
  - Ruccio, D. 2020. [The United States of Inequality](#). *Real-World Economics Review* 92.
  - Baker, D. 2020. [Fixing Capitalism: Stopping Inequality at Its Source](#). *Real-World Economics Review* 92.
  - Rodrik, D. (2017). [The fatal flaw of neoliberalism: it's bad economics](#), *The Guardian*, Nov 14.
  - \*Stiglitz, J. 2011. [Of the 1%, By the 1%, For the 1%](#). *Vanity Fair*, May.
- Reaction Paper Assignment 2: Income Distribution (due April 2)
- Exam 2: April 3**
- C. Long Run Economic Growth**
11. Stylized Facts on Growth, Ch. 10
12. Saving, Capital Accumulation and Growth, Ch. 11
13. Environment and Sustainability
- Ch. 13.4
  - Neva Goodwin, Jonathan Harris, Julie Nelson, Pratistha Joshi Rajkarnikar, Brian Roach, & Mariano Torras. 2022. *Macroeconomics in Context*, 4<sup>th</sup> Ed. [Chapter 17: Growth and sustainability in the 21<sup>st</sup> century](#).
  - Pollin, R. 2021. [Defending the global commons through a global green new deal](#). Project Muse, pp.75-98. John Hopkins University Press.
- Reaction Paper Assignment 3: Climate Change and Inequality (due April 16)
- D. The Open Economy**
14. Openness in Goods and Financial Markets, Ch. 17
15. The Goods Market in an Open Economy, Ch. 18 & Ch. 19.1-19.4

**Final Exam: May 8**

**13. Schedule**

<b>Week</b>	<b>Date</b>	<b>Analysis</b>	<b>Topic/Section</b>	<b>Assignments</b>
1	Jan 17-22	Short Run and Closed Economy	1-2: Introduction and Vocabulary	Homework 1&2: Due Jan 23
2	Jan 23-29		3: Goods Market	Homework 3: Due Jan 30
3	Jan 30-Feb 5		4: Financial Markets	Homework 4: Due Feb 5
4	Feb 6-12		5: Goods and Financial Markets-IS-LM Model	Homework 5.1 and 5.2 & Discussion 1: Due Feb 19
5	Feb 13-19			
6	<b>Feb 20</b>		<b>Exam 1</b>	
6	Feb 21-26	Medium Run and Closed Economy	6: Labor Market	Homework 6: Due Feb 26
7	Feb 27-March 5		7: Philips Curve	Homework 7: Due March 5
8	March 6-12		8: Technological Progress and Wages	Homework 8: Due March 12 Reaction Paper 1 & Discussion 2: March 12
9	March 13-19		<b>Spring Break</b>	
10	March 20-26		9: IS-LM-PC Model	Homework 9: Due March 26
11	March 27-April 2		10: Wages, Growth and Inequality	Homework 10: Due April 2 Reaction Paper 2 & Discussion 3: Income Distribution: Due April 2
12	<b>April 3</b>		<b>Exam 2</b>	
12	April 4-9	Long Run and Closed Economy	11: Stylized Facts on Growth	Homework 11: Due April 9
13	April 10-16		12: Saving, Capital Accumulation and Growth	Homework 12: Due April 16
14	April 17-23		13: Environment and Sustainability	Homework 13: Due April 23 Reaction Paper 3: Climate Change: Due April 23
15	April 24-30	Open Economy in the Short Run	14: Openness in Goods and Financial Markets	Homework 14: Due April 30
16	May 1-5		15: The Goods Market in an Open Economy	Homework 15: Due May 5
	<b>May 8</b>		<b>Final Exam</b>	