ECON-3133: Intermediate Macroeconomic Theory

Section 900, Spring 2019

Department of Economics, University of Oklahoma

SYLLABUS

Note: The syllabus is the plan. Modification of the plan may be needed during the semester. The instructor will make explicit announcements pertaining to any such changes.

General Information

Lecture: MW 4:30 PM - 5:45 PM, Room 0237, Cate Center One

Instructor: Hewei Shen

Email: hewei.shen@ou.edu

Office: Room 334 Cate Center 1

Office Hours: 3:15 – 4:15 on Mondays; 12:15 – 1:15 on Wednesdays; By Appointment

Teaching Assistant: Ms. Amanda Ferraro (ferraro@ou.edu)

TA Office Hours: 12 – 1 on Fridays or by appointment, Room 226 Cate Center 1

Prerequisites: ECON-1113 (Principles Macro) and ECON-1123 (Principles Micro). MATH-1743 (Calculus I), MATH-1823 (Calculus and Analytic Geometry I), or MATH-1914 (Differential and Integral Calculus I). The class is very mathematical, as is the textbook. You need to be comfortable with algebra and taking derivatives.

Required Textbook: *Macroeconomics, sixth edition, Stephen D. Williamson; ISBN: 978-0134472119*. Both the hard copy and the electronic version are acceptable. Other course material including lecture notes, assigned reading, and assignments will be posted on Canvas.

Course Website: Course material and announcements for the class will be posted through Canvas.

Course Description

Modern macroeconomics is the study of the allocation of scarce resources at both an individual and aggregate level. It starts from looking at how the incentives and behavior of consumers, firms, governments, and central banks impact aggregate economic activity and prices. Then, we analyze the influence of government's policy on private equilibrium and welfare. Because macroeconomics covers so many topics, we mainly focus on real models and we will not talk much if at all about monetary economics.

More specifically, we will examine the following topics in detail:

- the measurement of economic activity,
- the stylized facts about business cycle,
- labor-leisure decisions,
- consumption-saving decisions,
- investment decision and real business cycle model,
- government spending, debt, and fiscal policy,
- credit market,
- modern growth theory

This course follows a modern approach to macroeconomics by building macroeconomic models from microeconomic principles, which is consistent with the day the macroeconomic research is conducted today.

The goal of the course is three-fold: for you (1) to have a general understanding of how the economy works, (2) to learn how to model household, firm, and government behavior, and (3) use your models to determine how the economy might respond to changes in policy and exogenous shocks.

You are expected to attend all class periods, participate in the class, and take notes as required. The lecture will cover material in your textbook and some material that is not in your textbook. You are responsible for this supplemental material on course examinations.

Grading Policy

Possible course points are 500. Your course grade will depend on your performance in the following weighted areas.

- Midterm Exam 1: 100 points (20%)
- Midterm Exam 2: 100 points (20%)
- Final Exam: 200 points (40%)
- Assignments: 100 points (20%)
- Attendance: *extra* 10 points (2%)

Grading Scale:

A (500-450, 90%)	B (439-390, 78%)	C (384-335, 67%)	D (334-275, 55%)	F (Below 274)

Exams: There are two in-class midterm exams and one final exam. The first midterm exam will be on **Monday, February 25th** and the second midterm exam will be on **Monday, April 8th**. The final exam will cover all topics discussed throughout the course and is scheduled on **Thursday, May 9th, 10:30 AM - 12:30 PM**, in Room 0237 Cate Center One. **Your schedule must permit you to be free to take the final exam at the time above.** Unexcused absences result in 0 for exams. If you miss a midterm and have a documented excuse, the midterm's weight will shift to the final exam. Evidence of excuse must be sent to the instructor no later than two weekdays after the exam day.

Assignments: Assignments are used to help you review course material and apply the tools learnt in class. It must be turned in in person during class. There will be 6 homework assignments and the lowest score will be dropped. Late homework won't be graded and receives a 0 automatically. No make-up or individual due extension will be given to homework.

Attendance: You are expected to positively contribute to the learning environment. Even the best textbook cannot possibly replicate a great classroom environment. **I will take attendance 15 times.** These can boost your final grade by no more than 10 course points (2% of your final grade). Adjustments are as follows: 13-15 times earns a boost of 10 points (2%), 12 times earns a boost of 5 points (1%), and 11 times or less earns 0 point.

Course Outline

The course outline is tentative. Some topics might be expanded or omitted to best match the students' interests. Explicit announcements of the changes will be made in class and through Canvas if these is any.

0. Math Review
1. Introduction and Measurements
    a) Introduction (Ch. 1)
    b) Measurement (Ch. 2 & Ch. 3)
2. Basic Macroeconomic Models: A One-period Model
    a) Consumer and Firm Behavior: Work – Leisure Decision and Profit Behavior (Ch. 4)
    b) A Closed – Economy One- Period Model (Ch. 5)
3. Economic Growth
    a) Malthus and Solow Growth Model (Ch.7)
    b) Endogenous Growth Model (Ch. 8)
4. Extension: Two-Period Model
    a) Intertemporal Consumption – Saving Decision (Ch. 9)
    b) Credit Market Imperfection (Ch.10)
    c) A Real Intertemporal Model with Investment (Ch.11)

Final Remarks

Any questions about the syllabus must be addressed to the instructor within the first week of class.

Email policy: The best way to reach me is through email and I do **NOT** respond to canvas messages. I will do my best to respond to emails within 24 hours on a weekday, 48 hours on a weekend, according to the following policy:

a) I only respond to emails posing questions that can be answered in a sentence or two. For detailed questions, please see me after class or during my office hours.

b) I do not reply to emails that request information that can be found in the announcements or the syllabus, so you should check those places first.

c) The university policies do not allow me discuss grades through emails – for that, please see me after class or during my office hours.

Classroom Etiquette: I value your presence in my class, and I want your classmates to feel the same way. Please do not use laptop or cell phone during lectures, unless otherwise explicitly asked for by the instructor. This policy prevents disruptive behaviors such as watching movies and videos, playing games, checking sports core, and chatting. If you use your cell phone/ laptop or have any other disruptive behaviors during the lecture, I may ask you to leave the classroom and count you as absent for that lecture.

Academic Integrity: Dishonesty of any kind is not tolerated in this course. Dishonesty includes, but is not limited to, cheating, plagiarizing, fabricating information or citations, facilitating acts of academic dishonesty by others, having unauthorized possession of examinations, submitting work of another person or work previously used without informing the instructor, or tampering with academic work of other students. Students who are found dishonest will receive the most severe academic sanction consistent with OU polices. A minimum penalty for any breach of academic

integrity is the grade of "F" for the course. In addition, I will report incidences of academic dishonesty to the Integrity Council, which may in turn administer additional punishment. The University of Oklahoma has information at its website: https://integrity.ou.edu/students.html. Be sure to read the contents of this site.

Disabilities: If you desire classroom/testing accommodations for a disability, contact your instructor outside of class to present the supporting documents from the University of Oklahoma Disability Resource Center, http://www.ou.edu/drc. Requests for accommodations for disability must be received and authorized by your instructor in written form no less than two weeks in advance of need, in order to allow adequate time to review and make appropriate arrangements. No accommodation should be assumed until authorized by your instructor.

University calendar: The last day to withdraw from the class and receive an automatic "W" is Friday, April 12th. After this date, you can obtain a late withdrawal from a course only by receiving special permission from the dean of the college. Such permission is VERY difficult to get. You can find information (including holidays, and last day for withdrawal) about the university calendar on webpage http://www.ou.edu/admissions/academic_calendar/spring-2019.

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 me as soon as possible to discuss. Generally, modifications will be made where medically necessary and similar in scope to accommodations based on temporary disability. Please see www.ou.edu/content/eoo/faqs/pregnancy-faqs.html for commonly asked questions.

Title IX Resources: For any concerns regarding gender-based discrimination, sexual harassment, sexual misconduct, stalking, or intimate partner violence, the University offers a variety of resources, including advocates on-call 24.7, counseling services, mutual no contact orders,

scheduling adjustments and disciplinary sanctions against the perpetrator. Please contact the Sexual Misconduct Office 405-325-2215 (8-5, M-F) or OU Advocates 405-615-0013 (24.7) to learn more or to report an incident.