

**Econ 3133.002 Intermediate Macroeconomic Theory**

Instructor: Firat Demir; Office: Cate Center 1, Room 436; Office Hours: M 10:00-12:00 and by appointment;  
Class time: MW 1:30-2:45 pm, Cate Center 1 0237; 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, 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. Since exams will include some material that is not in your textbook, it is *strongly* recommended that you attend the lectures.

**3. Course Requirements**

The final grade will be based on your performance from: a) two midterm exams (25% each) and a comprehensive final exam (30%); b) homework assignments and quizzes (20%).

**4. Exam Structure**

The midterms 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. Therefore, you may expect applied as well as theoretical questions.

**5. 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 receive zero.

**6. Assignments, Quizzes and Attendance Policy**

There will a total of 6-10 homework assignments, which will be posted on Canvas. Although attendance is voluntary, it is strongly recommended.

**7. Textbook and Additional Readings**

- Olivier Blanchard, [\*Macroeconomics\*](#), Prentice Hall, 8<sup>th</sup>, 2020. For older editions, please consult with me.
- Additional readings are available from the course website on *Canvas*.

**8. 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)

## 9. 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/>

## 10. 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.

## 11. Laptop and Phone Policy

The use of laptops and tablets is subject to permission from the instructor. Mobile phones must either be switched off or set to the silent mode during lectures, and texting is NOT allowed. Tape or video recording lectures without my prior approval is not allowed. If there is an emergency and you need to answer your phone you have to leave the classroom. This rule will be strictly enforced. The use of such devices in the classroom impedes not only your learning but also those who are seated near you.

## 12. 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.

## 13. Covid-19 and Masking Policy

The university encourages masking indoors, and masking is strongly encouraged for ALL students in this class. For the well-being of the entire university community, it is important that everyone demonstrate the appropriate health and safety behaviors. During office hours, masking is **mandatory** for all students.

## 14. 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).

### 15. 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](#)]

### 16. 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](#).

### 17. 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.

### 18. 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](#).

### 19. Armed Subject/Campus Intruder

If you receive an OU Alert to shelter-in-place due to an active shooter or armed intruder situation or you hear what you perceive to be gunshots: 1. *Avoid*: If you believe you can get out of the area WITHOUT encountering the armed individual, move quickly towards the nearest building exit, move away from the building, and call 911. 2. *Deny*: If you cannot flee, move to an area that can be locked or barricaded, turn off lights, silence devices, spread out, and formulate a plan of attack if the shooter enters the room. 3. *Defend*: As a last resort fight to defend yourself. For more information, visit [OU's Emergency Preparedness site](#). [Shots Fired on Campus Procedure – Video](#)

### 20. Fire Alarm/General Emergency

If you receive an OU Alert that there is danger inside or near the building, or the fire alarm inside the building activates: 1. *LEAVE* the building. Do not use the elevators. 2. *KNOW* at least two building exits 3. *ASSIST* those that may need help 4. *PROCEED* to the emergency assembly area 5 *ONCE safely outside*, NOTIFY first responders of anyone that may still be inside building due to mobility issues. 6. *WAIT* for official notice before attempting to re-enter the building. [OU Fire Safety on Campus](#)

### 21. 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](#).

## 22. 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.). Additional readings will be assigned from time to time.

### I. 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.

### II. 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: September 28

6. The Labor Market, Ch. 7
  - [Krugman, P. 2010. Structure of Excuses, NYT](#)
  - [L. Mishel \(2011\), Regulatory Uncertainty, EPI](#), Economic Policy Institute. September 13.
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: Watch: [Intelligence<sup>2</sup> Debates: Globalization has undermined America's working class](#). & [Identifying the Policy Levers that Generated Wage Suppression in the US](#).

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: [Watch Intelligence<sup>2</sup> Debates: It's time to redistribute the wealth](#).
- Optional Reaction Paper Assignment: Watch: *The Inside Job* (by Charles Ferguson)

**Exam 2: November 2**

**III. Long Run Economic Growth**

11. Stylized Facts on Growth, Ch. 10 & Handout

- \*Hamilton, A. (1791). Report on manufactures. *Annals of Congress*.

12. Saving, Capital Accumulation and Growth, Ch. 11

13. Technological Progress and Growth, Ch. 12

14. Challenges to Growth, Ch 13

- Reaction Paper Assignment 3: [Climate Change in an Unequal World](#) & [Climate Responsibility and Industrialization](#)

**IV. The Open Economy**

15. Openness in Goods and Financial Markets, Ch. 17

16. The Goods Market in an Open Economy, Ch. 18

**Final Exam: Dec 16, 8:00-10:00 am**

**13. Tentative Schedule**

<b>Week</b>	<b>Date</b>	<b>Section</b>
1	22-Aug	1,2
	24-Aug	2
2	29-Aug	3
	31-Aug	3
3	5-Sep	Labor Day
	7-Sep	4
4	12-Sep	4
	14-Sep	5
5	19-Sep	5
	21-Sep	5
6	26-Sep	5
	28-Sep	<b>Exam 1</b>
7	3-Oct	6
	5-Oct	7
8	10-Oct	7
	12-Oct	8
9	17-Oct	8
	19-Oct	9
10	24-Oct	9
	26-Oct	10
11	31-Oct	10
	2-Nov	<b>Exam 2</b>
12	7-Nov	11
	9-Nov	12
13	14-Nov	13
	16-Nov	14
14	21-Nov	15
	23-Nov	Thanksgiving holiday
15	28-Nov	15
	30-Nov	16
16	5-Dec	16
	7-Dec	16
	<b>16-Dec</b>	<b>Final Exam: 8:00 – 10:00 am</b>