

**Econ 3133.003 Intermediate Macroeconomic Theory**

Instructor: Firat Demir; Office: Cate Center 1, Room 436; Zoom Office Hours: M 9:00-11:00 and by appointment; Class time: MW 3:30-4:45 pm, Dale Hall 0206; Tel. 325-5844, 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. Note, since each examination 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 in order 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 and you will need to upload your answers in pdf format. 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 Ethics

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 be brought to University of Oklahoma Integrity Council 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. Reasonable Accommodation Policy

Students requiring academic accommodation should contact the Disability Resource Center for assistance (<http://www.ou.edu/drc/home.html>). Any student in this course who has a disability that may prevent him or her from fully demonstrating his or her abilities should contact me personally as soon as possible so we can discuss any necessary accommodations to ensure full participation in class.

## 11. Religious Holidays

“It is the policy of the University to excuse the absences of students that result from religious observances.”

## 12. Title IX Resources and Reporting Requirement

For any concerns regarding gender-based discrimination, sexual harassment, sexual assault, dating/domestic violence, or stalking, the University offers a variety of resources. To learn more or to report an incident, please contact the Sexual Misconduct Office at 405/325-2215 or [smo@ou.edu](mailto:smo@ou.edu) or OU Advocates 405-615-0013. Also, please be advised that a professor/GA/TA is required to report instances of sexual harassment, sexual assault, or discrimination to the Sexual Misconduct 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 me or the Disability Resource Center asap. See <http://www.ou.edu/eoo/faqs/pregnancy-faqs.html> for answers to commonly asked questions.

## 14. 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.

**15. 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.

**16. 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](#), October 2020, 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, Ch. 5
  - 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 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 24**

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
  - Stiglitz, J. E. 1997. [Reflections on the Natural Rate Hypothesis](#), *Journal of Economic Perspectives* 11(1), 3-10.

## 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: Watch: Intelligence<sup>2</sup> Debates: Globalization has undermined America's working class. <https://www.intelligencesquaredus.org/debates/globalization-has-undermined-americas-working-class#debaters>

## 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: Watch Intelligence<sup>2</sup> Debates: It's time to redistribute the wealth, <https://www.intelligencesquaredus.org/debates/its-time-redistribute-wealth#debaters>
- Optional Reaction Paper Assignment: Watch: The Inside Job (by Charles Ferguson)

**Exam 2: April 5****III. Long Run Economic Growth**

## 11. Stylized Facts on Growth, Ch. 10 &amp; 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

**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: May 13, 8:00am - 10:00 am**

**13. Tentative Schedule**

<b>Week</b>	<b>Date</b>	<b>Section</b>
1	25-Jan	1,2
	27-Jan	2
2	1-Feb	3
	3-Feb	3
3	8-Feb	4
	10-Feb	4
4	15-Feb	5
	17-Feb	5
5	22-Feb	5
	24-Feb	<b>Exam 1</b>
6	1-Mar	6
	3-Mar	6
7	8-Mar	7
	10-Mar	7
8	15-Mar	8
	17-Mar	8
9	22-Mar	9
	24-Mar	9
10	29-Mar	10
	31-Mar	10
11	5-Apr	<b>Exam 2</b>
	7-Apr	11
12	12-Apr	12
	14-Apr	12
13	19-Apr	13
	21-Apr	14
14	26-Apr	15
	28-Apr	15
15	3-May	16
	5-May	16
	<b>May 13</b>	<b>Final Exam: 8:00 – 10:00 am</b>