ECONOMICS 3320
Intermediate Macroeconomics
Spring 2010
Dr. Smith

Syllabus

Class Meetings: MWF, 10:20-11:15 in Room 127 of the Fogelman Building

Office Hours: 11:30-12:30 TR in Room 400 (the Economics Department office) or by appointment

Office Phone: 678-3675
e-mail: wtsmith@memphis.edu

Website: I will be using the University’s course-management website, ecourseware, to stay in contact with you and to report your grades. To access it, just go to elearn.memphis.edu, and click the link for ECON 3320. The syllabus can be found at this website.

Grading: There will be two mid-terms, each worth 25 percent of your final grade. The final exam will constitute 35 percent of your final grade. I will also assign homework problems, which together will constitute 15 percent of your grade. I will drop the lowest homework grade. The final exam will be on May 3, from 10:30 until 12:30.

I do not give make-up exams. If you know of a conflict ahead of time, we can make other arrangements for taking an exam. If anything comes up on the day of the exam, you must call me on the exam day. Failure to notify me of a problem before the exam means that you forfeit exam. If you are caught cheating, I will flunk you for the course and press charges at the university level. I view cheating as a breach of the contract between my students and myself. I will treat you with honesty and respect. I expect you to reciprocate.

Texts: The required text is


Occasionally we will look at http://www.economagic.com. This is a great web site with lots of historical macroeconomic data. I also like the data at the Federal Reserve Bank of St. Louis, http://www.stls.frb.org/default.cfm.

I may also bring in articles from magazines like The Economist, or newspapers like The New York Times.

Assignments

I Introduction

The nature and objectives of macroeconomics

Reading: Chapter 1

II Macroeconomic Data

A review of basic concepts such as GDP, employment, price indices, and inflation
III. The Core

A. The Goods Market

The determinants of aggregate expenditure and the determination of income in the market for goods and services

Reading: Chapter 3

B. Financial Markets

The financial, the money market, and interest rates

Reading: Chapter 4

C. Goods and Financial Markets Together: the IS/LM model

Putting it together to explain the joint determination of income and interest rates

Preliminary application to historical episodes (the Depression, Japan in the 1990s, the recession of 2001), the current crisis, and how the macro-economy affects the stock market

Reading: Chapter 5, pages 322 – 326 in Chapter 15, and some reference to Chapter 22

D. Labor Markets

Explaining wages and the natural rate of unemployment

Reading: Chapter 6

E. Putting It All Together: the AD/AS model

The complete story, with applications to the Depression, Japan, oil shocks, productivity growth, and the current crisis

Reading: Chapter 7 and Chapter 22

F. Unemployment and the Phillips Curve

The relation between unemployment and inflation, in the short run and long run

Reading: Chapter 8

G. Inflation

Explaining sustained inflation; the effects of disinflation

Reading: Chapter 9

IV. Applications and Extensions

A. How the Fed Controls the Money Supply, Monetary Policy, and the Current Crisis

Important details about how the Fed controls the money supply, and how monetary policy has changed during the current crisis
B. Hyperinflation

Causes and consequences of pathologically high inflation

Reading: Chapter 23

C. Long-run Growth

Explaining the long-run growth of the economy

Reading: Chapters 10 – 13

C. Expectations

Financial markets, expectations of the future, and the macro-economy

Reading: Chapters 14 -16

V. Policy Debates

A. Rules versus Discretion

Should the government abide by a fixed policy rule, or be free to engage in discretionary policy to respond to macroeconomic shocks?

Reading: Chapter 24

B. Monetary and Fiscal Policy

More on inflation, taxes, and the government debt

Reading: Chapters 25 and 26