ECON-3133: Intermediate Macroeconomic Theory

Section 900, Fall 2018

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: 1:00 – 2:00 PM on Monday & 3:15-4:15 PM on Wednesday

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.


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.

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, read the lecture material prior to class, 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: 150 points (30%)
- Final Exam: 200 points (40%)
- Quizzes: 100 points (20%)
- Assignments: 50 points (10%)

Grading Scale:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Points Range</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>A</td>
<td>500-440</td>
<td>88%</td>
</tr>
<tr>
<td>B</td>
<td>439-385</td>
<td>77%</td>
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<tr>
<td>C</td>
<td>384-335</td>
<td>67%</td>
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<tr>
<td>D</td>
<td>334-275</td>
<td>55%</td>
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<td>F</td>
<td>Below 274</td>
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Exams: There is one in-class midterm exam and one final exam. The date of the midterm exam will be announced at least one week before the exam. The final exam is scheduled on Wednesday, December 12th, 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 the 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.

Quizzes: There will be five pop up quizzes throughout the semester. They will consist of one question similar to the assigned homework. The quizzes are designed to provide the instructor with useful feedback about your understanding of course material. The weights are assigned to give you incentives to attend class and complete assignments. Each quiz is worth 20 points. You must be present in class to get the credits. There is no make-up for quizzes.

Assignments: Assignments are used to help you review course material and apply the tools learnt in class. It will be graded upon completion and effort and must be turned in in person during class. There will be 5 homework assignments. Late homework won’t be graded and receives a 0 automatically. No make-up or individual due extension will be given to homework.
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.

**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 policies. 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:** You can find information about the university calendar (including holidays, and last day for withdrawal) on webpage http://www.ou.edu/admissions/academic_calendar/fall-2018.

**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.