

ECON 3080-001

Intermediate Macroeconomic Theory, May 2014

Instructor: Joseph Vavrus
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Office: ECON 309c (3rd floor of the Economics building)
Office Hours: MTR –4:00 – 5:00 pm, W 11:00am -12pm and by appointment.
Lecture: M-F, 12:30pm – 3:30pm, May 12-May 30, ECON 119
Website: <https://learn.colorado.edu/>

Course Overview

Macroeconomics is the study of the aggregate (macro) economy. The course is roughly divided into two parts. First, we will learn tools to analyze long-run patterns of economic growth, labor markets, and price changes. Next, we will deal with the short-run and discuss monetary policy, fiscal policy, and how they relate to current economic issues.

In general, we will be using many simple equations to build “toy models” of the economy. By playing with these, we can gain deeper intuition into the highly complex economic interactions that create real problems and benefits for people worldwide. Some of the most important national and international political issues concern the potential costs and benefits of economic policy (in)action. While these models don’t give easy, perfect answers, from them you will have a stronger understanding of the mechanisms and chains of causality that underlie these issues.

Prerequisites

1. ECON 1000 or ECON 2020 or equivalent from another institution
2. ECON 1078 and 1088, or MATH 1300, or MATH 1310, or MATH 1081, or MATH 1080, 1090 and 1100, or APPM 1350, or equivalent from another institution

The toy models we will be using require basic calculus and algebra. The math is not highly advanced, but it is a consistent part of the course. Additionally, much of this course applies the economic intuition you will have learned in your principles courses. If you have any concerns about your mathematic/economic preparation for this course, please come talk with me ASAP and we can discuss whether this class is right for you.

Administrative deadlines:

May 13: Last day to drop without any grade penalty. This is the second day of class!

May 22: Last day to drop and receive a grade of “W” without any additional approvals. After May 22, dropping requires a signature from the Dean, which isn’t given out without good reason.

May 30: Final exam (the last day of classes). This is set by the university and cannot be changed. By signing up for this class you are saying “I am available on May 30 to take the final exam.”

Office hours and e-mail:

MTR –4:00 – 5:00 pm , W 11:00am -12pm and by appointment. I try to be as flexible as possible on office hours, because I find those students that come in and ask for clarification generally end up understanding the material best. However,

don't e-mail me at 10pm asking to come into my office at 8am the next day. Generally, give me at least 24-hours notice if you want to schedule something (more time if you want to come in on Monday).

The best way to communicate with me is via e-mail. However, due to FERPA laws, I am not legally allowed to discuss individual grades over e-mail. Additionally, it is often difficult for me to e-mail answers to complicated math questions due to notation issues. For both of these issues, it is best to e-mail me to schedule an appointment or to come into my scheduled office hours.

Readings:

Required text: Charles I. Jones (2011). *Macroeconomics*, W. W. Norton & Company, 2nd Edition.

You are welcome to use any other editions (1st or 3rd) of this book; however you may need to come to office hours or consult a classmate with the 2nd edition to determine how the chapters line up. If I give any practice problems directly from the textbook, I will reproduce them in full. The class relies heavily on the textbook for material.

Optional: Robert L. Heilbroner. *The Worldly Philosophers*.

Any edition is fine. I will discuss this under project.

Additional: Some of the tools we use will occasionally feel a bit divorced from the real policy debates that are happening. One thing to reconnect you is to keep abreast of current economic news in the *Financial Times*, the *Wall Street Journal*, the *Economist*, etc. I highly recommend doing so; this will make the course much richer for you. Additionally, I recommend Mark Thoma's blog <http://economistsview.typepad.com/>. Along with his own writings, Professor Thoma links to many blog posts and articles on debates both about macroeconomics and how macroeconomics should be practiced.

Grading Policies

Your final grade will be weighted as follows:

Midterm 30%, **Wednesday, May 21**

Final 45%, **Friday, May 30**

In-class work/attendance 15%

Analysis 10% **Due May 28 at 5pm.**

A	94.00-100.00	C	72.00-77.99
A-	90.00-93.99	C-	70.00-71.99
B+	88.00-89.99	D+	68.00-69.99
B	82.00-87.99	D	62.00-67.99
B-	80.00-81.99	D-	60.00-61.99
C+	78.00-79.99	F	<59.99

Notice that it is slightly harder to get a straight A.

Midterms and Final:

Together these count for the bulk of your grade. **I will not give makeup exams or early exams except for the exception listed below.** If you have a documented emergency that precludes you from taking an exam on the given date the final will be weighted at 75%. **You will receive a 0 for any exams you miss without a documented excuse.** Cell phone

calculators are not allowed under any circumstances for exams. Other calculators are fine and should be brought with you.

Economic Analysis Project:

For this project I want you to think outside the text. You have two options:

- (1) Find a newspaper article or blog post from the last couple of years (the more recent the better) on an economic issue that relates to the class. See the readings list for ideas of where to look. For relating it to the class, look at the chapters we are discussing in the book. In 1.5-3 single-spaced pages, I want you to analyze the issue, give your informed opinion on it, and relate it to the concepts we discuss in class.
- (2) **OR** You can choose a famous economist and summarize some of his/or research. By “famous” economist, I want this to be either someone from the Worldly Philosopher’s book (included as an optional text) or a Nobel-prize-winning economist. Any additional economist is subject to my approval. In 1-2 single-spaced pages, I want you to summarize some portion of their research, give your informed opinion on it, and relate it to the concepts we discuss in class. Importantly when I say research, I don’t mean their published opinion columns or blog posts.

For both options, your text should be 1.5-3 pages single-spaced with normal margins, font-size, etc. Also make sure you include references to anything you cite. I don’t want you to use wikipedia or anything like “famous people.com” or “encyclopedia of economists” etc. This needs to be submitted in the dropbox on D2L by 5pm on Wednesday, May 28. D2L does a plagiarism check for me, so make sure you cite your sources!

Problem Sets:

I will include practice problems for the test, but no problem sets will be graded.

Lectures and participation:

In lieu of problem sets, I will be giving out in-class assignments. The structure of the course does not allow as much time for students to work outside of class in a timely fashion, so I will be making you do problems immediately after I teach material. I will have you hand in some of these and I will grade them primarily on completion. Some days, I will simply ask that you sign-in to record attendance. Every day of class is the equivalent of more than one week of normal semester course-work, so I expect nearly perfect attendance. I will forgive one undocumented absence. If you plan to miss more than one class (due to vacations, sports, hangovers, etc), a maymester class is not for you.

Date	Topic	To do
Topic 1 – Long-run issues		
Monday, May 12	Intro, Math review, and growth	Jones 1, 2, and 3
May 13	Growth basics and production	Jones 3&4
May 14	Production and Solow	Jones 4&5

May 15	Solow and Romer	Jones 5&6
May 16	Romer Model and Labor Markets	Jones 6&7
Monday, May 19	Labor markets and inflation	Jones 7&8
May 20	Wrap-up and Review	
May 21	MIDTERM	
Topic 2 – Short-run model and policy analysis		
May 22	The short-run model and the IS Curve	Jones 9 and 11
May 23	Monetary policy and the Phillips Curve	Jones 12
Monday, May 26	Memorial Day, no class	
May 27	AS/AD analysis	Chapter 13
May 28	The recession, financial crisis, and fiscal policy	Chapters 10, 14, and 17 Analysis due 5pm
May 29	Wrap-up and review	
May 30	FINAL EXAM	FINAL EXAM

Desire To Learn:

All course materials including this syllabus, problem sets, project details, additional readings, etc. will be posted at <https://learn.colorado.edu/>

University Policies

Disability Policy –

If you qualify for accommodations because of a disability, please submit a letter from Disability Services to me in a timely manner so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. Contact: 303-492-8671, Willard 322, and <http://www.Colorado.EDU/disabilityservices>

Religious Observance Policy –

Campus policy regarding religious observances requires that faculty make every effort reasonably and fairly deal with all students who, because of religious obligations, have conflicts with scheduled exams, assignments, or required attendance. If you have a conflict, please contact me at the beginning of the semester so we can make proper arrangements.

Code of Behavior Policy –

Students and faculty each have responsibility for maintaining an appropriate learning environment. Students who fail to adhere to such behavioral standards may be subject to discipline. Faculty have the professional responsibility to treat all students with understanding, dignity, and respect to guide classroom discussion and to set reasonable limits on the

manner in which they and their students express opinions. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender variance, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make the appropriate changes to my records.

Honor Code –

All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council (honor@colorado.edu: 303-725-2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at <http://www.colorado.edu/policies/honor.html> and at <http://www.colorado.edu/academics/honorcode>

Discrimination and Harassment Policy –

The University of Colorado at Boulder policy on Discrimination and Harassment (<http://www.colorado.edu/policies/discrimination.html>), the University of Colorado policy on Sexual Harassment, and the University of Colorado policy on Amorous Relationships applies to all students, staff, and faculty. Any student, staff, or faculty member who believes s/he has been the subject of discrimination or harassment based upon race, color, national origin, sex, age, disability, religion, sexual orientation, or veteran status should contact the Office of Discrimination and Harassment (ODH) at 303-492-2127 or the Office of Judicial Affairs at 303-492-5550. Information about the ODH and the campus resources available to assist individuals regarding discrimination or harassment can be obtained at <http://www.colorado.edu/odh>.