

101562: Intermediate Macroeconomics

Instructor: Dr. Myungkyu Shim

Fall 2015

Course Number: 1295 (Course Language: English)

Class Time: Mondays 8:00am – 9:40pm and Thursdays 1:20pm – 3:00pm

Place: No. 1 Teaching Building, Classroom 103

Course Website: http://myungkyushim.weebly.com/intermediate_macro.html

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Your TA: Yongheng Wen

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Office Hours: Wednesday 2pm-4pm or by appointment (email Yongheng)

Notice: Course number 1295 and 1304 share the same teaching materials. Hence, if you cannot attend the class, you may attend the same class of Course 1304. In addition, the office hours and review sessions will be shared with each other.

Review Sessions: Sessions will be held after you turn in your own homeworks. Time and location of each session will be announced later in the classes.

Course Objectives:

This course is designed to help students understand various (interesting) issues of real-world economy such as business cycles, effects of government policies, and long-run growth. In particular, this course develops basic but formal macroeconomic frameworks step by step. The ultimate goal of this course is to provide students ‘formal’ (i.e. mathematical) tools to explain why the economy grows and what happens and what we should do when there are fluctuations in the economy.

Prerequisites:

I will assume that all students taking this course have taken Intermediate Microeconomics in advance. Basic knowledge about calculus is also necessary to succeed in this class because the nature of economics requires ‘analytical’ skills of a student. For instance, differentiation and linear algebra will be required to understand class materials and to solve problems of problem sets and exams.

Textbook:

Main: Gregory Mankiw, *Macroeconomics*, 7th or 8th edition, Worth Publishers, 2009, 2012

Sub: Olivier Blanchard and David R. Johnson, *Macroeconomics*, 6th edition, Pearson/Prentice Hall, 2013

Steve Williamson, *Macroeconomics*, 5th edition, Addison Wesley, 2013

While Mankiw’s Macroeconomics is the main textbook of this class, I will not follow the structure of the book. For instance, lectures on Neo-classical models will be mainly based on Williamson’s Macroeconomics. Hence, I do not require you to purchase the textbooks though I encourage you to get at least one of the above textbooks for further study. I further recommend reading various articles from WSJ, Economist, NY Times and etc.

Class Structures and Evaluations:

The course is basically based on lectures while participations of students are always welcomed. There will be 5-6 problem sets to help students understand course materials and prepare for exams. Problem sets will be graded (as total, it will count for **20%** of your grade) and TA will solve the problems in review sessions.

Grade of this course is based on your scores in the exams and in the homework. There will be two exams in this course: one midterm and a final. The midterm will count for **30%** of your grade and the final for the remaining **50%**. The final will be **cumulative**. Midterm Exam is tentatively scheduled on **October 19 (Monday)**.

Class Policy:

1) Attendance: Class attendance is entirely voluntary. Your final grade will be, as noted earlier, based on your performances in the exams (and homework). While it is not

mandatory to attend the class, it is highly recommended to attend the class to succeed in this class. For instance, **I WILL NOT POST MY LECTURE NOTES IN THE WEBSITES (DO NOT SEND ME EMAILS TO ASK FOR LECTURE NOTES)** unless I think it is necessary so that absence from the lecture will not give you anything (you can rely on your friends, of course!)

2) Exams/ re-grading: The exams are closed-book tests. Any notes, books, study aids, calculators, and other electronic devices are not allowed during the exams. All the exams must be taken at the scheduled time and place. Students who arrive late will not receive extra time to complete their exam. In terms of regarding, there are three rules. First, a re-grade of one question will involve a re-grade of the entire exam. Second, exams written in pencil cannot be re-graded. Third, you have to bring your request for a re-grade in writing, no exceptions. In the form, you should explain carefully the problem with the grade. Then I will look at the entire exam again.

3) Make-up exams: No make-up exams will be given in this class. A student may be excused from an exam if he or she provides a doctor's written note or an appropriate documentation to Prof. Shim before the exam (except when this is not possible in an emergency situation). If a student misses the midterm exam, the final grade will be based on the final exam with an appropriate adjustment (eg. 85% of the final grade will be your midterm grade).

4) Cheating: Cheating will not be tolerated, and any student who engages in suspicious conduct will be confronted and subjected to the disciplinary process. If a student is found to be guilty of academic misconduct, he or she will receive a failing grade on the exam and/or in the entire course.

5) Effort/extra credit: There is no extra credit to make up for bad performance on the exams, and I do not count "effort" of a student, which is too arbitrary to measure by its own nature.

Class Outline:

I. Overview (Week 1)

- Mankiw (Chapter 1,2), Blanchard and Johnson (Chapter 1), Williamson (Chapter 1,2)

II. Long-Run Growth (Week 1-3)

II.A. Exogenous Growth Model: Solow Model (Week 1-3)

- Mankiw (Chapter 3,8,9), Blanchard and Johnson (Chapter 10-12), Williamson (Chapter 7,8)

II.B. Endogenous Growth Models (Week 3)

- Mankiw (Chapter 9), Williamson (Chapter 8)

III. Keynesian Models

III.A. Short-Run Fluctuations: IS-LM Model (Week 4-5)

- Mankiw (Chapter 10-12), Blanchard and Johnson (Chapter 3-5), Williamson (Chapter 3)

III.B. Medium-Run Fluctuations: AS-AD Model (Week 6-7)

- Mankiw (Chapter 12, 14), Blanchard and Johnson (Chapter 6,7)

IV. Neo-classical Models

IV.A. One-Period Model of the Macroeconomy (Week 8-9)

- Williamson (Chapter 4,5)

IV.B. Two-Period Model: Consumption-Saving Decision (Week 9-10)

- Williamson (Chapter 9-11)

IV.C. Real Business Cycles Model (Week 10-11)

- Williamson (Chapter 13)

IV.D. Monetary Model: Neutrality of Money (Week 11-12)

- Williamson (Chapter 12)

V. Labor Market (Week 12)

VI. Open Economy: Mundell-Fleming Model (Week 12-13)

- Mankiw (Chapter 13), Blanchard and Johnson (Chapter 18-21)