

INTERMEDIATE MACROECONOMICS

MW 3:30 – 5:20

SMI 205

Instructor: Michelle Turnovsky (mturn@u.washington.edu) Savery 229

Office Hours: Tuesday 10:30 to 11:30 and Wednesday TBA
By appointment (additional hours will be posted before exams)

Course Web Page: Check regularly for announcement at
<http://www.econ.washington.edu/instruction/courses/classpage.asp?class=2684>

Course Overview: This course develops the tools of modern macroeconomic theory in the context of the global economy and explains the determination of aggregate output; of employment and prices; the tools of monetary and fiscal policy used by governments to fight inflation and unemployment and to promote growth in the economy. The purpose of this course is to explain macroeconomic theory and also to use it as a framework for discussing the current state of the US and world economy and for analyzing recent economic policy issues.

Textbook: Olivier Blanchard, *Macroeconomics*, Prentice-Hall Inc.

Course Outline:

Introduction

Ch 1 and 2

The Short Run

The goods market (ch 3)

Financial markets (ch 4)

Goods and financial markets: the IS-LM model (ch 5)

The Medium Run

The labor market (ch 6)

Putting all markets together: the AS-AD model (ch 7)

The Phillips curve (ch 8)

The Long Run

The facts of growth (ch 10)

Saving, capital accumulation and output (ch 11) *time permitting*

Technological progress and growth (ch 12) *time permitting*

Openness

Openness in goods and financial markets (ch 18)

The goods market in an open economy (ch 19)

Output, the interest rate, and the exchange rate (ch 20)

Exchange rates regimes (ch 21) *time permitting*

Econ 301

COURSE REQUIREMENTS

READINGS: In addition to the textbook chapters, further compulsory readings will be assigned online. You are also advised to read the Economist (the Financial Times or the Wall Street Journal) where current economic issues are analyzed as they occur.

ASSIGNMENTS: There will be 5 assignments during the quarter (the questions will be assigned one week ahead). Completed assignments must be turned in at the beginning of the section. The grading will be based on the 4 best scores.

REVIEW PROBLEMS: Review problems are assigned before each exam and explained prior to the exam. They are not handed in by the students nor corrected.

EXAMS: There will be 3 non-comprehensive exams. Each of the exams will consist in multiple choice questions, problems, and analytical questions.

Dates: TBA

GRADE: The following weighting will be applied:

Assignments: 10% (2.5% each)

Exams: 90% (30% each)

MHT NOTES AND POWERPOINT SLIDES: Packets including summary notes for each chapter and unfinished powerpoint slides will be available online regularly. The slides will provide the framework for each lecture – students will be able to write in their own class notes as the lecture evolves.

REMARK: If you have any difficulty with the material (or any problem), feel free to see your instructor during office hours or by appointment as soon as possible because the material covered in this course becomes more complex overtime and is based on your overall understanding from week to week. It is thus essential to do the reading assigned in the textbook on a regular basis and to work out the practice problems. **Tutoring by the upper class Economics Honors Society students will be available at regular hours (to be posted) in Savery 310.**

PREREQUISITES: The prerequisite for ECON 301, Intermediate Macroeconomics, is **ECON 300** and the prerequisites for ECON 300, Intermediate Microeconomics, are MATH 112 or MATH 124, and both ECON 200 and ECON 201. Students must NOT take ECON 300 and ECON 301 CONCURRENTLY as some of the theory developed at the beginning of ECON 301 is based on theory taught at a later stage in ECON 300.

TO ENSURE PROPER UNDERSTANDING OF THE MATERIAL COVERED IN CLASS, PREREQUISITES MUST BE RESPECTED.