

INTEMEDATE MACROECONOMIC THEORY

Class Hours: 12:30 - 13:45 T R
Office Hours: 11:00 - 11:50 T R or by appointment

Textbook: N. Gregory Mankiw, *Macroeconomics* (7th ed)
Optional: Roger T. Kaufman, *Student Guide and Workbook* (7th ed)

Resources: Copies of Lecture Notes and Old Exams/Assignments are available on line at the course website.

Course Web Site: <http://gatton.uky.edu/faculty/kim/ECO402>
Textbook Home Page: <http://bcs.worthpublishers.com/mankiw7/>
The Author's Blog: <http://gregmankiw.blogspot.com/>

Course Objectives

This is a course in an intermediate level theory of macroeconomics. We will build on basic principles of macroeconomics covered in ECO 202 to the goal of deeper understanding of the mechanisms that determine major macroeconomic variables. Some of main subjects of the course are business cycles, inflation, unemployment, and interest rate as well as the role of monetary and fiscal policy.

Expectations

Students are expected to read assigned material prior to class and participate in class discussion and activities. There will be an assignment for each lecture topic. The purpose of the assignment is to preview the material by answering simple questions and to review the previous lecture topic by doing some challenging questions. The assignment is due by the beginning of the lecture. In some cases, it may be replaced by a quiz. Each quiz will cover material since the last quiz/exam including the assigned reading for the day of the quiz.

For each assignment, some students may be asked to present their answers, after which question and answer sessions will follow. All students are encouraged to participate. Do not be afraid to make mistakes. If you have a question, never let it go unanswered. If you do not get an opportunity to ask your question during class, stop by during my office hours or feel free to contact me via email. If you have a conflict, you may arrange a meeting time outside of office hours.

Attendance is required as it is essential for acceptable performance in the course. Two or more absences without valid excuse will result in a 10% deduction of your course grade. If you do plan to attend class, be on time and do not leave until class is dismissed. If you need to leave early, let me know beforehand and take a seat near the door. Please avoid carrying on private conversations or reading newspapers during class and turn off all cell phones, pagers, etc.

Evaluation

Course grade will be determined by assignments/quizzes and 2 exams. Weights are as follows:

Exam 1 (Thu, Sep 22)	40
Exam 2 (Thu, Oct 27)	60
Exam 3 (Tue, Dec 13 10:30 – 12:30)	100
<u>Assignments, participation, and quizzes</u>	<u>100</u>
Total	300

Grading scale:

A(90% or above of total) B(75 – 89%) C(60 – 74%) D(50 – 59%) E(below 50%)

There will be three exams. The exams cover material from class, the textbook, and any additional assigned readings. All will be a mixture of multiple choice, true/false type and short essay questions. *Makeup for missed exams will be arranged only for University-approved absences.*

There will be a number of assignments/quizzes. Each assignment and quiz will be given an equal weight, unless specified otherwise. Assignments should be handed in by the beginning of class. (No late assignments will be accepted after 5 minutes of class.) If you miss an assignment, its presentation or quiz with an unexcused absence, you will receive a zero. The total score from this part makes 100 points. (In case you miss either homework assignment or quiz due to excused absence, you will be given the median score among all your scores for the whole term.)

Excused Absences and Makeup Exams

Makeup exams are given only for excused absences or if the student has obtained the instructor's prior approval. If you miss an exam with an unexcused absence you will receive a zero for the exam. The University defines the following as excused absences: illness of the student or serious illness of a member of the student's immediate family; death of a member of the student's immediate family; university-sponsored trips; or major religious holidays. In each foreseen case, written verification will be required at least one week before the scheduled exam and permission to miss an exam must be secured before the scheduled exam time unless the cause of the absence is unforeseen.

Cheating

Cheating is in no way tolerated at The University of Kentucky. Anyone caught cheating will be penalized severely. The full penalty will be determined in consultation with the Chairman of the Department of Economics. The minimum penalty is an "E" for the course.

(Read the section on Cheating on pages 84-85 in the Students Rights and Responsibilities Handbook or on the web at:

<http://www.uky.edu/StudentAffairs/Code/part2.html> (Go to Section 6.0)

ECO 402: INTERMEDIATE MACROECONOMIC THEORY

Course Schedule

Topic	Chapter	Note
A. Introduction		
a. The Science of Macroeconomics	Ch 1	
b. The Data of Macroeconomics	Ch 2	
B. The Economy in the Long Run		
a. National Income	Ch 3	
b. Money and Inflation	Ch 4	
c. Unemployment	Ch 6	
C. Business Cycle Theory		
a. Introduction	Ch 9	
b. The IS – LM Model	Ch 10	Exam 1
c. Policy analysis using the IS-LM Model	Ch 11	
D. The Open Economy		
a. The Open Economy in the Long Run	Ch 5	
b. The Open Economy in the Short Run	Ch 12	
E. Aggregate Supply		
a. Aggregate Supply	Ch 13	
b. The Phillips Curve	Ch 13	
F. Macroeconomic Policy Debates		
a. Stabilization Policy	Ch 15	Exam 2
b. Government Debt and Deficits	Ch 16	
G. Economic Growth		
a. Basic Model	Ch 7	
b. Technology and Policy	Ch 8	
H. More on the Microeconomics		
a. Consumption	Ch 17	

(Sections Gb and H may be skipped.)

Additional readings and topics

(You can find a brief lead article for each of the following topics in the textbook. We may have some additional readings from other sources.)

1. The financial system: markets, intermediaries, and the crisis of 2008-2009 (ch 3)
2. Why doesn't capital flow to poor countries? (ch 5)
3. The Big Mac around the world (ch 5)
4. Obama spending plan (ch 10)
5. The Great Depression (ch 11)
6. The financial crisis and economic downturn of 2008-2009 (ch 11)
7. Monetary union in Europe (ch 12)
8. The Chinese currency controversy (ch 12)
9. The troubling long-term outlook for fiscal policy (ch 16)
10. Accounting for TARP (ch 16)