<div align="center">

Econ 4353
Intermediate Macroeconomics
Fall 2018

</div>

Instructor: Prof. Aaron Hedlund (hedlunda@missouri.edu – include "4353" in subject)

Time and Location: T, R 12:30pm – 1:45pm, Agriculture Bldg 2-16

Office Hours: T, R 11:00am – 12:30pm, 226 Professional Building

Canvas: https://missouri.instructure.com

Dropbox Link: https://www.dropbox.com/sh/usxlyojjtnoemeq/AAD4XcR2caHBc9JxirrtFALAa?dl=0

Final Exam: Monday, December 10, 10:00am – 12:00pm

Overview and Objectives

Course Description

This course will take you deeper into the methods and lessons of modern macroeconomic theory. Methodologically, we will cover the basics of household and firm decision-making, dynamic optimization, and general equilibrium. These tools are necessarily mathematical in nature, but we will build up this architecture gradually.

With these tools in hand, we will cover a mix of traditional topics, such as foundational theories of what drives economic growth and business cycles, the effects of fiscal and monetary policy, etc, *as well* as more timely topics that appear on the front pages of the Wall Street Journal and New York Times. Such topics include, but are not limited to, housing crises, sovereign default episodes, the macroeconomic drivers and consequences of inequality, etc.

Course Objectives

My goals for you this semester are as follows:

1. That you be able to engage in substantive discussions of macroeconomics and make informed judgments about the causes, implications, and possible policy responses to various economic phenomena.

2. That you further develop your economic intuition and improve your mastery of the technical skills used in economic analysis.

3. That you mature in your understanding of the role of economics in society.

Prerequisites

We will regularly study the static and dynamic properties of economic models using systems of equations that require algebra and calculus. Although we will review the necessary math, prior completion of intermediate microeconomics and calculus is strongly recommended.

Resources

Required Text

The only required text for this course is *Macroeconomics*, 6th edition, by Stephen Williamson. I will also regularly post supplementary readings and notes on Blackboard.

Assessment

Course grades are determined as follows:

- Assignments: *UNGRADED* (for practice only)

- Quizzes x5: 30% (10% for each of your best 3)

- Midterms x2: 40% (25% higher scoring exam, 15% lower scoring exam)

- Final Exam: 30%

Assignments There will be periodic ungraded assignments for practice purposes only. Answers will be provided after the "due date" for each assignment.

Quizzes There will be five quizzes—two before each midterm, and one between the second midterm and the final—but only your top three scores will count towards your semester grade. Except under extenuating circumstances, there are **no make-up quizzes**.

Midterms There will be two **cumulative** midterms. When calculating your semester grade, I will assign a 25% weight to your higher scoring exam and a 15% weight to your lower scoring exam. Except under extenuating circumstances, there are **no make-up exams**. If you miss an exam, your other exam will count towards 25% of your semester grade, and the other 15% weight will be added to the final exam. If you know ahead of time that you will miss both exams, please contact me so that we can formulate an appropriate arrangement.

Final Exam   The final exam will be cumulative and will account for 30% of your grade.

Grading Scale   Quizzes and exams will be graded according to a fixed grading scale. In the event of poor class performance, I may then apply an *upward* curve to bring up the class average. In other words, there is no circumstance in which you will be *hurt* by a curve. If you outright earn a particular grade, you're guaranteed to get it. There will be **no rounding**.

   The grading scale is as follows: A+ (97 – 100), A (93 – 96.99), A- (90 – 92.99), B+ (87 – 89.99), B (83 – 86.99), B- (80 – 82.99), C+ (77 – 79.99), C (73 – 76.99), C- (70 – 72.99), D+ (67 – 69.99), D (63 – 66.99), D- (60 – 62.99), F (<60).

Course Topics

1. Introduction and Math Review

2. The One-Period Closed-Economy Model

   - Consumer Behavior: The Labor-Leisure Tradeoff

   - Firm Behavior: Profit Maximization

   - Static Competitive Equilibrium

   - Economic Efficiency and the "Invisible Hand"

   - Taxes and Government Spending: "Wasteful" Purchases vs. Public Capital

3. Economic Growth

   - Malthusian Pre-Industrial Revolution Stagnation

   - Industrialization, Capital Accumulation, and the Solow Model of Growth

   - Innovation and Endogenous Growth

   - *Research in Focus: What has been happening to entrepreneurship and the business start-up rate in the United States?*

4. Dynamic Consumer Behavior and Savings

   - Intertemporal Consumption-Savings Decisions

   - Dynamic Competitive Equilibrium

   - Ricardian Equivalence

   - A First Look at Credit Frictions: Interest Rate Wedges and Borrowing Constraints

- Social Security

5. Credit Market Imperfections

  - Portfolio Choice: Introducing Multiple Assets and Collateralized Debt

  - Limited Commitment: Bankruptcy, Foreclosure, and Sovereign Default

  - *Research in Focus: How does the distribution of household wealth and debt impact economic outcomes?*

  - *Research in Focus: Is there any limit to how much governments can borrow?*

6. A Real Model with Savings and Investment

  - Household, Firm, and Government Behavior

  - Dynamic Competitive Equilibrium

  - The Dynamic Effects of Government Spending, Taxes, and Productivity

  - The Real Business Cycle Model

7. New Keynesian Economics: Merging Microfoundations with Sticky Prices

  - Introducing and Solving the New Keynesian Model

  - Monetary and Fiscal Policy in the New Keynesian Model

  - Liquidity Traps and Quantitative Easing

  - *Research in Focus: The effect of risk and inequality in business cycle models.*

8. Miscellaneous Topics: TBD

Approximate Quiz and Exam Dates

These are only an estimate and not set in stone! Exact dates will be announced repeatedly in class and posted on Canvas.

- Quiz 1: September 4

- Quiz 2: September 13

- Midterm 1: September 25

- Quiz 3: October 9

- Quiz 4: October 30

- Midterm 2: November 13

- Quiz 5: December 4

- **Final Exam: Monday, December 10, 10:00am – 12:00pm**

MU Policies

Academic Integrity

Academic integrity is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards breaches of the academic integrity rules as extremely serious matters. Sanctions for such a breach may include academic sanctions from the instructor, including failing the course for any violation, to disciplinary sanctions ranging from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, collaboration, or any other form of cheating, consult the course instructor.

Accommodation of Disabilities

If you anticipate barriers related to the format or requirements of this course, if you have emergency medical information to share with me, or if you need to make arrangements in case the building must be evacuated, please let me know as soon as possible. If disability related accommodations are necessary (for example, a note taker, extended time on exams, captioning), please register with the Office of Disability Services (http://disabilityservices.missouri.edu), S5 Memorial Union, 882-4696, and then notify me of your eligibility for reasonable accommodations. For other MU resources for students with disabilities, click on "Disability Resources" on the MU homepage.

Intellectual Pluralism

The University community welcomes intellectual diversity and respects student rights. Students who have questions or concerns regarding the atmosphere in this class (including respect for diverse opinions) may contact the Departmental Chair or Divisional Director; the Director of the Office of Students Rights and Responsibilities (http://osrr.missouri.edu/); or the MU Equity Office (http://equity.missouri.edu/), or by email at equity@missouri.edu. All

students will have the opportunity to submit an anonymous evaluation of the instructor(s) at the end of the course.