
Economics 402-002
Intermediate Macroeconomic Theory
Fall 2014

Instructor: Dr. Jenny Minier

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Office Hours: Tuesdays & Thursdays, 1.00–2.00 P.M. or by appointment

Textbook: The required textbook is Charles Jones, *Macroeconomics*, 3rd edition (but earlier editions are fine). I also put notes online after each class.

Important Dates:

Midterm #1: Thursday, September 25 in class

Midterm #2: Thursday, November 6 in class

Group projects (presentations if you choose): November 18, 20

Final exam: Monday, December 15, 10.30 A.M. – 12.30 P.M.

There will be at least 2 problem sets involving in-class discussion (dates TBA) — you are strongly encouraged to be in class those days, although there will be alternative assignments.

Overview and Motivation: Macroeconomics has been in the news a lot for the last couple of years. Has the recession in the U.S. ended yet? How bad was it? What, if anything, could the government have done to help us get out of it quickly? What's happening in the labor market (how hard will it be for you to get a job when you graduate)? What does the government consider, and what is it trying to achieve, when it sets fiscal and monetary policy? Taking a broader view of the world economy, why are some countries so much richer than others? Why do some grow faster than others? In addition to discussing the current state of the economy in detail, we'll talk some about 20th century economic history, current research in macroeconomics, and some of the open questions in the field.

Technical Details: The class is based more on the material covered in class than on the textbook. There may occasionally be (short) online reading assignments, and notes from each lecture will be posted on the website. The exams will be based on the material covered in class and on homework assignments — you are responsible for all material in the lectures and any/all assigned readings.

Problem Sets: There will be problem sets throughout the semester, and your lowest score will be dropped. Many of these will be typical problem sets, designed to help you prepare for the exams. It is strongly recommended that you go through the answer keys regardless of your grade on these assignments, since I regularly explain things in more detail on the problem sets than I can individually on each student's problem set. A good score on the problem set does not necessarily

mean that you did everything on that assignment correctly.

There will be at least two problem sets that involve some in-class discussion. Details and dates for these will be announced later.

If you miss a deadline, you may generally turn in the problem set for half credit at any time before the beginning of the next class period; after that, assignments will not be accepted for credit. I will not go over late assignments except to give you half credit if you have made a reasonable effort. Exceptions (usually just before an exam) will be noted on the problem set when it is handed out.

Group Project: There is a group project on current events that counts as 10% of your course grade. There are two components to this: a group presentation (which can take the form of an in-class presentation, a video, a website, etc.) and an individual writeup about the project that includes grading the members of your group. These will be the week of November 18–20, and the writeup is due by Friday, November 21. This project will be discussed in more detail later in the semester.

Seminars for Extra Credit: To give you an idea of the type of research economists do, you'll have the opportunity to attend workshops by outside speakers throughout the semester. These will be announced in class and on the website. You can earn one point of extra credit (toward the 100 possible in the class) by attending a seminar, staying awake and reasonably attentive, and writing one page of your understanding of what the talk was about. The write-up should be turned in within a week (the sooner you do it, the easier it is!). You may only earn 1 extra credit point this way. NOTE: These seminars are presented primarily for faculty and graduate students, although you are of course welcome. If necessary, people arriving late will be turned away and not eligible for extra credit. I recommend that, if this extra credit point is important to you, you attend a seminar early in the semester to make sure that you are able to attend.

Exams and Grading: The distribution of scores toward your final grade will be as follows:

25% each midterm;

30% final exam;

10% project;

10% problem sets (including class discussion).

The final grades may be curved depending on class performance. The curve can only help you, in the sense that 90% or higher is guaranteed to be an A, 80% or higher will be at least a B, and 70% or higher will be at least a C. Depending on how the rest of the class does, 89% could be an A or a B. The grading scales for the midterms are designed to give you an idea of how your grade on that exam compares to the rest of the class.

No makeup exams will be given. If you must miss an exam due to an official university function or religious observance, contact me as soon as possible. If serious illness or injury interferes with your ability to take an exam, contact me as soon as possible. This means that you should contact me *before* the exam except in the most extreme circumstances.

Borderline grades, whether between a C and a D, or an A and a B, will be determined based on your attendance and participation in class. I have a good idea of who attends class regularly and who does not, who has asked questions in class or office hours, etc.

Approximate Course Schedule

Any changes to the reading assignments will be posted on the website.

The final will be cumulative, but will emphasize material covered after the second midterm.

August 28	Motivation and introduction, chapter 1
September 2	Macroeconomic variables, chapter 2
Sept. 4–16	Economic growth, chapters 3–6
September 18	Labor market, chapter 7
September 23	Catch-up and review
September 25	Midterm Exam #1 (in class)
September 30	Introduction to business cycles, Great Depression, chapter 9
October 2–14	Short run and business cycles, chapters 10 and 11
October 16, 21	Monetary policy, chapter 12
October 23, 28	Fiscal policy, chapter 13 and 18
October 30	Great Recession, chapters 10 and 14
November 4	Catch-up and review
November 6	Midterm Exam #2 (in class)
November 11–13	Inflation and unemployment, chapters 8 and 12
November 18–20	Group projects: current macro events
November 25	Consumption, chapter 16
November 27	<i>No class — Thanksgiving holiday</i>
December 2–4	Open economy, chapters 19 and 20
December 9	Investment, chapter 17
December 11	Review and discussion of final exam
Monday, December 15	Final Exam, 10.30 A.M. – 12.30 P.M.

‘But, Baba - ’ protested Dipankar, blinking in distress, ‘economics is the worst possible qualification for running anything. It’s the most useless, impractical subject in the world.’ ‘Dipankar,’ said his father, not very pleased, ‘you have studied it for several years now, and you must have learned something...about how economic affairs are handled....Even if, as you claim, a degree in economics doesn’t help, I do not believe it can actually be a hindrance. And it is new to my ears to hear you claim that impractical things are useless.’