

Economics 332 – Intermediate Macroeconomics

University of Arizona, Summer Pre-Session 2015

Monday-Friday, 1:00-3:50pm, McClelland Hall 129

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Class Website: <https://blackboard.eller.arizona.edu>

Course Summary

This course covers the models and techniques used in modern macroeconomic theory. It attempts to study a theoretical model developed to analyze the economic forces that drive the economy in the short run and the long run. Emphasis is placed on the macroeconomic policies and the role of the government in the economy.

Topics to be covered include: output, employment, interest rates, and the price level and how these macroeconomic variables are affected by changes in monetary and fiscal variables.

Necessary Background: Econ 200 or equivalent. Also, you must be comfortable enough with calculus to be able to differentiate fairly simple polynomial, logarithmic and exponential functions.

Textbook

Required: **Intermediate MACRO** by Robert Barro or **Macroeconomics** by Robert Barro

Recommended: **Macroeconomics** by Matthias Doepke, Andreas Lehnert, and Andrew Sellgren (available at <http://faculty.wcas.northwestern.edu/~mdo738/book.htm>).

Grading Policy

The assessment is a combination of homework, quizzes and exams as follows:

- 10% – Problem Sets
- 20% – Quizzes (To Be Announced)
- 70% – 3 exams (May 22, 29 and June 6)
- Problem sets must be turned in at the start of class on the date on which they are due. No unexcused late homework will be accepted. For excused absences, homework must be turned in via email or in class by the following class period.
- There will be periodic quizzes throughout the term. Excused absences for quizzes result in the corresponding quiz being dropped, with the total quiz grade being computed based on the remaining quizzes.
- Excused absences for the first two exams result in the total exam grade being determined by the average of the remaining two exams. Excused absences for the final result in a make-up exam. Missing an exam or quiz without an approved excuse will result in a grade of zero.
- If you plan to have an excused absence,¹ please contact me via email prior to the start of class. In case of an emergency preventing you from doing so, please contact me within 24 hours of the missed class.
- If you would like a re-grade on a homework, quiz or exam, please contact me via email within 48 hours of the graded item being returned and its score being posted on Blackboard. After 48 hours, no re-grades will be considered. Naturally, re-grades may result in the score increasing or decreasing.

¹Legitimate reasons for absence include severe illness, family emergency, etc. Accommodations **will not** be made for travel arrangements, so please plan any travel accordingly.

Classroom Policy

- You are encouraged to work together on the problem sets, but each of you must write your answers in your own words.
- Absolutely no collaboration will be tolerated on quizzes or exams. Any students found collaborating on quizzes or exams will be reported to the dean and will receive a failing grade in the course.
- You are expected to maintain regular class attendance. Please arrive early and be ready to begin on time.
- During lecture, please refrain from using anything which may distract your fellow classmates. This includes, but is not limited to, personal computers, cell phones, tablets, newspapers, etc. Per university policy, food and drink is not allowed in classrooms.
- Please turn off cell phones and any other devices that may generate sound when you enter the classroom.

Students with Disabilities

If special accommodations are required, students are encouraged to contact the Disability Resource Center (DRC) office to begin the accommodation request process. Appropriate medical documentation will be required to determine eligibility to receive accommodations.

Lecture Outline (Subject to Change)

Introduction

- Chapter 1 – The Approach to Macroeconomics (pp. 1-55)² [pp. 1-26]³

Microeconomic Foundations and the Basic Market-Clearing Model

- Chapter 2 – Work Effort, Production and Consumption (pp. 59-89) [pp. 35-37, 112-118]
- Chapter 3 – The Behavior of Households (pp. 91-132) [pp. 119-123]
- Chapter 4 – The Demand for Money (pp. 133-165) [pp.174-179]
- Chapter 5 – The Basic Market-Clearing Model (pp. 167-206) [pp. 123-125, 179-185]
- Chapter 6 – The Labor Market (pp. 207-234) [pp. 133-138]

Inflation

- Chapter 7 – Inflation and Interest Rates (pp. 237-267) [pp. 195-201]
- Chapter 8 – Money, Inflation and Interest Rates in the Market-Clearing Model (pp. 269-306) [pp.202-210]

Business Fluctuations, Unemployment and Economic Growth

- Chapter 9 – Investment and Real Business Cycles (pp. 309-350) [pp. 123-125, 137-138]
- Chapter 10 – Unemployment (pp. 351-388) [pp. 155-167]
- Chapter 11 – Economic Growth (pp. 389-431) [pp. 39-45, 51-68]

Government Behavior

- Chapter 12 – Government Consumption and Public Services (pp. 435-469) [pp. 215-232]
- Chapter 13 – Taxes and Transfers (pp. 471-507) [pp. 235-249]
- Chapter 14 – The Public Debt (pp. 509-548) [pp. 252-271]

²Parenthesis denote page numbers in Robert Barro's Macroeconomics.

³Square brackets denote page numbers in Robert Barro's Intermediate MACRO.