

Economics 4021, Section 1 and 2

INTERMEDIATE MACROECONOMICS

Spring 2013

Section 1 Lectures: Mondays and Wednesdays, 1:00-2:30pm, Seigle Hall 304

Section 2 Lectures: Mondays and Wednesdays, 2:30-4:00pm, Seigle Hall 104

Review Sessions: Fridays 10:00-11:00am, Seigle Hall 304 (starting from February 1)

Instructor: Costas Azariadis, Seigle Hall 315G, azariadis@artsci.wustl.edu

Instructor Office Hours: M/W 11:00am-12:00pm

TA: Duksang Cho (Sec. 1), Dongya Koh (Sec. 2)

TA Office Hours: Duksang Cho (Seigle 355), Tuesdays 1:30-3:30pm

Dongya Koh (Seigle 373), Thursdays 10:00am – 12:00pm

1 Summary

This course is about macroeconomics – the study of economic development and growth, business cycles, money, inflation, credit and asset markets, fiscal and monetary policy. Key questions are: What explains big movements in asset markets and in the value of the dollar? What factors are responsible for the ups and downs of the U.S. economy? Why do some countries grow fast and others remain poor or stagnant? What causes large budget and trade deficits and how should we deal with them? What should the Fed do about bubbles and financial crises? We explore these issues in 25 lectures, part of which we will spend discussing topics of current economic interest.

2 Mathematics and Economics Prerequisites

The course requires algebra (including exponents and logarithms), calculus, and quite a bit of microeconomics. If you aren't comfortable with the kind of mathematics and/or the material presented in Econ 4011 or an equivalent course in intermediate microeconomics, this course will probably be difficult for you. You may wish to take it another term.

3 Textbook

Macroeconomics, by Abel, Bernanke and Croushore, Pearson-Addison Wesley, 7th edition. Earlier editions of this text are not up to date on data and case studies, but the 6th edition is close.

4 Class Notes

It is a good strategy to take and keep a complete set of notes for yourself, covering both the concepts we explore in class and the policy issues we discuss. A short set of lecture notes based on your textbook will be available soon on my website under the heading “Teaching, Spring 2013, Econ 4021.”

5 Lectures and Exams

We will have 25 lectures, two mid-term exams (on Feb. 18 and Mar. 27), and one final exam (May 6, 3:30pm for 4021/02, and May 8, 1:00pm for 4021/01). The lectures start on January 14 and end on April 24. All exams are cumulative, with open books and open notes. Your course grade will be based on your performance on your best mid-term (40%), and on the final exam (60%). You may choose to sit for just one mid-term, which will count for 40% of your course grade, or for both in which case only your best mid-term will count. Problem sets do not count in your grade but they will help you prepare for exams. Class attendance is not required unless your desired final grade is A or A+.

6 Exam Equipment

Please bring 2 large bluebooks to each mid-term and 3 to the final. DO NOT WRITE your name on these bluebooks. The bluebooks will be randomly distributed. You must use a PEN. Calculators are not allowed.

7 Personal Problems

Please see your undergraduate advisor for any problems (health, grades, and personal relations) that may compromise your class performance. He/she will communicate these problems to me if he/she thinks that is necessary.

8 Make-up Exams

There are no make-up exams nor are the exams offered at any other time.

9 Office Hours – Teaching Assistants

Duksang Cho (Seigle 355): Tuesdays 1:30-3:30pm

Dongya Koh (Seigle 373): Thursdays 10:00am–12:00pm

10 Office Hours – Instructor

Mondays and Wednesdays 11:00am-12:00pm and by appointment. Feel free to come see me or email me questions that you think your TA cannot answer. Remember that your TA's are experienced and well qualified to explain class material.

11 Topics and Practice Problems

Lectures will cover the chapters listed below and a number of policy issues of current interest. Practice questions will help you learn the material presented in class and in the text, and help you prepare for the exams. The answer to the practice problems will be discussed in the TA discussion sections and will occasionally, but not always, be posted on the course website. Assigned problem sets are due at the beginning of the review session.

12 Schedule

Jan. 14: Overview
(Ch.1. analytical #1)

Jan. 16, 23: What the numbers mean
(Ch.2. Review question #4, numerical #8)

Jan. 28, 30: Labor, productivity, inequality
(Ch.3. analytical #3, numerical #6)
Supplementary readings TBA

Feb. 4, 6, 11: Consumption and investment
(Ch.4. analytical #3, numerical #8 and #9)

Feb. 18: First mid-term exam on chapters 1-4

Feb. 13, 20, 25, 27: Long-run growth
(Ch.6. analytical #1 and #5, numerical #6)
Supplementary readings TBA

Mar. 4, 6, 18: Money, stocks, and bonds
(Ch.7. analytical #1, numerical #7)

Mar. 20, 25, April 1: Business cycles, banks, and financial crises
(Ch.8)

Mar. 27: Second mid-term exam on chapters 1-4, 6 and 7

April 3, 8, 10, 15: Monetary policy and the Federal Reserve Systems
(Ch.14. analytical #2, numerical #4)
Supplementary readings TBA

April 17, 22, 24: Fiscal policy
(Ch.15. analytical #3, numerical #7)

April 29: General review

13 Sources of Macroeconomic Data

economagic.com (cf. especially U.S. Macro 1)

Federal Reserve Bank of St. Louis Database

World Bank (Data and Research, Quick Reference Tables)

Eurostat

OECD