University of Oregon, Department of Economics
Economics 313: Intermediate Macroeconomic Theory, Fall 2016.
TuTh noon – 1:50pm in 208 DEA (CRN 11902)
TuTh 2:00pm – 3:50pm in 208 DEA (CRN 11903)

Professor **George W. Evans**
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Economics 313 is the basic course in macroeconomic theory for economics majors and minors. Math 111 (college level algebra) and Economics 202 (Introduction to Macroeconomics) are prerequisites for the course, and Economics 311 (Intermediate Microeconomic Theory) is strongly recommended.

Textbook: Custom version of Olivier Blanchard, *Macroeconomics*, Seventh Edition, Pearson. This is available at the UO Bookstore, shrink-wrapped with MyEconLab, which will be needed for homework. Slides from the lectures will be available for each topic, once the lectures on that topic are completed. These will be made available on Canvas. In several cases lectures will cover topics not treated or only partially treated by Blanchard.

Course Description: This course covers the theory of the determination of aggregate output, unemployment, prices, interest rates, inflation, and open economy topics, in the short-run and the medium-run, with applications to the U.S. economy and discussions of macroeconomic policy issues. You should aim to become well informed about the current state of the U.S. economy, and you will be expected to know some basic facts about U.S. macroeconomic data. Key data will be mentioned in the lectures.

Grading: There will be one midterm exams and a final exam. These exams are closed book/closed notes. The dates are as follows: The **Midterm** will be on **Tuesday November 1**. The **final exam** is a combined final (for my two 313 classes) on **Monday, December 5** from **5pm – 7pm**. Location of the final exam will be announced later. The final exam will be cumulative, though there will likely be somewhat greater emphasis on previously untested material. The final exam cannot be rescheduled unless you have a specific conflict with another class, in which case you must inform me in the first week of the course. Do not enroll in the course if the final exam date is otherwise a problem.

The midterm and the final exam will each count 45% of the course grade. Homework (see below) will count 10% of the grade. Rescheduling of the midterm or the final is not possible. If you miss an exam for some good reason, you must let me know immediately. Appeals of the midterm exam grade must be made within 1 week of its being returned: the entire exam will be considered and the grade may be altered up or down. Basic calculators will be provided for use in the midterm and final. In the exams you may **only** use the calculators that we provide.

Homework and MyEconLab: There will be periodic homework, counting 10% of the grade. Selected answers will be discussed in class. Some closely related problems may appear on the exams. Homework will be submitted on the MyEconLab website. You can use either your own computer or one of the computers in SSIL in McKenzie. You must register for MyEconLab and enroll with MyEconLab in this course. To do this you will need to have the access code, which will be contained with the textbook. Go to the Pearson MyEconLab website, enter the course ID (given below), sign in or create an account, and use the access code that came with the textbook.

The **instructor course ID** for **MyEconLab** is **evans70846**.

Alternatives to purchasing the custom textbook: The custom textbook is available from the UO bookstore for $132.75. In addition to a paperback copy of the chapters from the textbook that we will use for this course, this price includes enrollment in MyEconLab and also electronic access to the entire textbook. Using MyEconLab for the problem sets is required, and hence essential, but there are two alternatives that are (somewhat) cheaper: (i) etext only. For $120 you can purchase the electronic copy of the textbook together with enrolment in MyEconLab, and (ii) For $65 you can just enroll in MyEconLab, i.e. you would not have access to the textbook on this alternative. The cheaper option (ii) probably only makes sense if you plan to share the textbook with someone else.

Old editions: The textbook changes substantially with each new edition. In particular the current seventh edition has a number of assigned chapters that are very different from earlier editions. Thus use of an old edition is not recommended.

Lectures: I will use the class time primarily to highlight key points of the topic and to cover selected points in detail. You will need to read the textbook carefully, as not all important details will be covered in lectures. I will also use the class time to: (i) go over example homework-type problems, (ii) review some past homework problems, (iii) cover some specific topics not fully covered in the textbook, and (iv) discuss current and recent events.

Canvas: I will use Canvas to provide lecture slides and notes, details of textbook readings, course updates, review sheets, grades, sample exam questions, etc.

Outline of Topics

1. Introduction: Overview of the crisis and the US economy. The Euro area and China

2. Concepts and data: GDP, unemployment, price indexes. Math review. Okun's Law and the Phillips curve

3. Goods market equilibrium. Multipliers.

4. Extensions: proportional income taxes, exports and imports, govt. deficits and debt.

5. Financial markets I and the IS-LM model.

6. Financial markets II and the extended IS-LM model. The financial crisis.

7. The labor market

8. The Phillips Curve, the natural rate of unemployment and inflation. Disinflation policy.

9. Technological progress: output, unemployment and inequality

10. Openness in goods and financial markets. Goods market equilibrium in an open economy.

11. Equilibrium in an open economy: output, the interest rate and the exchange rate. Policy under flexible exchange rates and fixed exchange rates.