

# ECON-UA 12 — Intermediate Macroeconomics

NYU, Fall 2014 — Class 9355, Section 004

## Syllabus

### 1 Organization

<b>Professor:</b>	<b>Jaroslav Borovička</b>	jaroslav.borovicka@nyu.edu
	office hours	Mon 2:15 – 3:15 pm Wed 11am – 12pm 19 W 4th Street, office 714
<b>Teaching Assistant:</b>	Zhen Zhou	zz368@nyu.edu
	office hours	Mon, 7 – 9 pm 19 W 4th Street, office 819
<b>Lecture:</b>	SILV, room 206	Mon, Wed 12:30 – 1:45 pm
<b>Recitations:</b>		
Zhen Zhou	Section 005 at 194M 307	Thu 4:55 – 6:10 pm
	Section 006 at SILV 411	Thu 6:20 – 7:35 pm

I typically answer emails quickly, almost always within a day. Please start the subject headline of all your emails to me with **ECON-UA 12**. Direct all emails regarding problem sets and recitations directly to the teaching assistants. **Also, before you send any emails, read the syllabus.**

### 2 Course objectives

We will use macroeconomic theory and empirical evidence to analyze important aspects of the macroeconomy — long-run growth, business cycles, labor markets, inflation, and fiscal and monetary policies.

Given the focus of the course on theoretical and empirical questions, you will use calculus to study macroeconomic models, and a data processor (e.g., Excel) to analyze and visualize data.

Attending both the lectures and recitations is highly recommended. The purpose of recitations is to review material from lectures and problem sets, primarily using *additional* examples and problems. These problems will not cover new material in most cases but should be helpful in preparation for the exams.

### 3 Textbook

The main text **Macroeconomics 3e** by **Charles I. Jones** (ISBN 978-0393923902). We will rely on the book extensively.

I will also provide you with additional short readings that will focus on recent events, complementing the discussion in class.

### 4 Exams and grading

There will be two midterms and a final. All tests consist of a combination of quantitative and graphical exercises, similar to those discussed in class and recitations. The final grade for the course will consist of the following components:

Midterm 1 (Wed, October 8, in class)	25 %
Midterm 2 (Wed, November 12, in class)	30 %
Final (Wed, December 17, noon – 1:50pm)	40 %
Problem sets	5 %

Each of the midterms will primarily focus on the respective third of the course. The final will be cumulative, with somewhat more focus on the last third of the course. If there is enough interest, I will schedule review sessions for Monday evening before the midterm.

All material provided in the course is examinable, unless explicitly specified otherwise.

No electronic devices (including phones or calculators) will be allowed in the exam.

#### 4.1 Make-up tests, regrading, academic honesty

**There will be no make-up exams.** If you miss a test because of a medical emergency (documented with a doctor's note), I will appropriately reweigh your scores from the remaining exams. The doctor's note must be provided within one week of the exam. In addition, if you know of your medical condition in advance, you must send me an email notification. You have to attend the final exam.

If you think your exam was graded incorrectly, you may ask for a regrade **within one week** after I distribute the exam. In this case, you **must submit a written note** explaining what, in your view, was graded incorrectly. I will then **regrade the whole exam**. This means that your score may be adjusted both upward **as well as downward** as a result.

**Importantly, there are no additional discretionary ways how to improve your score.**

**The usual university policies on academic honesty apply, and I take them very seriously.**

#### 4.2 Grading scheme

The **grading scheme** is as follows. The exam grades will be curved according to university-wide standards.

A	A-	B+	B	B-	C+	C	C-	D	F
100	90	85	80	75	70	65	60	55	35

## 5 Problem sets

There will be (roughly) bi-weekly problems sets (expect 6–8 problem sets in total). You will have about a week to complete each problem set and you will **submit it at the beginning of the recitation you attend**. You may submit the problem set up to 24 hours late, in which case you incur a penalty of 50% of your score on that problem set (in this case, it is your responsibility to deliver the problem set to the teaching assistant).

Your worst problem set (e.g., one that you do not submit) will not be counted.

The only exception to this rule is a medical emergency, documented by a doctor’s note provided to me **within one week of the deadline**.

**Groups:** You are allowed to form groups of up to three people to discuss the problem sets, and I encourage you to do so — everybody gets stuck sometimes, and cooperation and discussions with your classmates can help you understand the material much better. However, after the group discussion, you have to put substantial individual effort into the final solution, and **the final solution and the write-up has to be the result of individual work**.

In particular, it is not acceptable to just copy or jointly write down the answers. Such copied answers will earn zero points, regardless of who was copying from whom.

You have to **list all members** of your group in your submitted answers.

Problem sets will be graded by the TA. Therefore, all questions regarding the problem sets should be directed to him.

## 6 Outline of the course

The course closely follows the **Macroeconomics 3e** textbook by Charles I. Jones. I will regularly give out extra readings on contemporary macroeconomic situation and debate that are related to the covered material.

The following structure of the course is tentative.

### 6.1 Preliminaries

Chapters 1–2 – self-study, we will not discuss these elementary section in lectures. I will not explicitly examine these chapters but I will assume that you know and understand them.

### 6.2 Economic growth

- **Overview** (Chapter 3). Some empirical facts on long-run growth and development.
- **A model of production** (Chapter 4). Can a simple model of production account for differences in GDP across countries?
- **Investment** (Chapter 17). Investment decisions, capital accumulation and the role of the financial market as a source of financing.

- **Solow growth model** (Chapter 5). How capital accumulation contributes to economic development.
- **Growth and ideas** (Chapter 6). What generates persistent growth over time?

### 6.3 Labor market

- **Labor market, wages and unemployment** (Chapter 7). Labor supply, labor demand, wages, frictions and unemployment.

## Midterm 1 (October 8) – Chapters 3–7, 17

Chapters are tentative and depend on the material covered until the midterm.

### 6.4 Inflation

- **Inflation** (Chapter 8). “*Inflation is always and everywhere a monetary phenomenon.*”

### 6.5 Business cycles

- **An introduction to business cycle facts** (Chapter 9). Comovement of macroeconomic quantities over the business cycle.
- **The Great Recession** (Chapter 10). A preliminary analysis of the causes and effects of the worst downturn of the U.S. economy in the last 70 years. Left for self-study.
- **Consumption** (Chapter 16). Consumer’s choice from the macroeconomic perspective.
- **The IS curve** (Chapter 11). The relationship between savings, investment, and the real interest rate.
- **Monetary policy** (Chapter 12). Nominal and real interest rates, sticky prices and inflation.

## Midterm 2 (November 12) – Chapters 9–12, 16

Chapters are tentative and depend on the material covered until the midterm.

### 6.6 Business cycles continued

- **AS/AD framework and stabilization policy** (Chapter 13).
- **The Great Recession and the financial sector** (Chapter 14). How do financial shocks propagate into the real economy.
- **DSGE models** (Chapter 15). How does modern business cycle research look like?

## **6.7 Fiscal policy and open economy (selected topics, time-permitting)**

- **Fiscal policy** (Chapter 18). Government spending, taxation, budget deficits and government debt management.
- **International trade** (Chapter 19). Comparative advantage, trade and flows of labor and capital across countries.
- **Exchange rates and international finance** (Chapter 20). Open economy, exchange rate determination, international financial system.

### **Final exam (December 17) – Chapters 3–20**

Chapters are tentative and depend on the material covered until the final. Final exam is cumulative, with roughly 1/2 to 2/3 of the exam content covering the last third of the course.