



73-240 – INTERMEDIATE MACROECONOMICS
PROF. LAURENCE ALES

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Section B: F 1:30-2:20 WEH 5421
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Class times: MW 01:30PM 02:50PM in POS MN AUD

Textbook:

Stephen D. Williamson: Macroeconomics, 5/E
ISBN-10: 0132991330
ISBN-13: 978-0132991339
Publisher: Addison-Wesley
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Learning objectives:

By the end of this course the student will be able to...

1. ...Understand and be able to use the various measures of an aggregate economy's performance and well-being;
2. ...Be able to perform simple forecast of macroeconomic variables;



3. ...Understand how aggregate macroeconomic behavior is affected by microeconomic behavior and equilibrium restrictions;
4. ...Be able to answer simple macroeconomic policy questions by formulating a model, finding the data and deriving an analytical and quantitative answer;
5. ...Understand the factors that cause economic growth and be able to describe the patterns of economic development across countries and over time;
6. ...Understand how credit and labor frictions operate and how they might impact macroeconomic behavior.

Course Description:

The goal of this course is to provide a rigorous framework for understanding modern macroeconomics. The study of the macroeconomy will be divided in two fronts: theory and data. The theory part will focus in constructing and analyzing the benchmark “workhorse” modern macroeconomic model. This model will be casted both in a short run and long run version. The short run version will allow us to study policies that are often discussed in the media and the political arena; the long run version will allows us to understand what is behind the phenomenon of growth observed in the last three centuries. The data part of the course will focus on studying actual macroeconomic U.S. data. The study will be both of empirical in nature: studying past data and forecasting future behavior; and quantitative in nature building a tight link between the macroeconomic model and the data.

Prerequisites:

Formal: (73100) and (73230) and (21120) and (21259 or 21256 or 21268 or 21269).

Informal: In the homework I will ask for extensive data work. I advice you to learn a spreadsheet software (i.e. Excel, Google docs) as soon as possible. Also, I will require the homework to be typed, now is a good time to brush up your typing skills! Finally I expect you to be able to apply basic tools of mathematics, statistics and economics.

Course material:

Textbook: The textbook will be used as a guide and a reference book. I adopt the organization of the book, but do not follow it verbatim. The fourth edition of the book is also an



acceptable version.

An additional textbook that I will occasionally cite in the slides (this book is not required) is: APPLIED INTERMEDIATE MACROECONOMICS by Kevin Hoover.

Twitter and other News: This year I will experiment with Twitter. The class official twitter feed is [@cmu73240](https://twitter.com/cmu73240). In this feed I will post class announcements (that will be mirrored in the Blackboard website) and interesting macroeconomic news. Every week, as a form of “digest”, I will summarize the most relevant macroeconomics news at the beginning of class.

Slides: I will make slides available on the class Blackboard website. However, I will not make the slides available before class. This is done to encourage discussion during class. In particular, not posting slides before classes allows me to ask questions that might otherwise be answered by looking at the next slide. During the semester I will also prepare the slides in book format. The idea is for you to have a document that you might keep for years to come.

Blackboard: I will make some additional material available on the class website: unless I specify otherwise these are not a required reading (but most of the times are very interesting!). Check Blackboard regularly: the TAs and I will use the site to communicate additional information to you, to post slides and update the syllabus.

Feedback and Email:

Together with the usual evaluation forms, I set up an on-line, live, anonymous feedback system, you can access it here: <http://tinyurl.com/evaluations-ales>

This is a large class, in order to communicate more efficiently I will follow the following email policy:

- During the week, I will answer student emails usually within 24 hours.
- Usually I will not be able to answer homework emails the night before they are due!
- Any regrading request must be submitted to your TA first. If an issue persists I will be happy to help after that.



Requirements and Grades:

Final Grade: The final grade will be computed according to the following components:

- 6 assignments (30% of total grade)
- 2 midterms (35% of total grade). Note that no midterm will be dropped.
- 1 comprehensive final exam (25% of total grade).
- 10% for attendance and class participation. I will have random roll calls during the semester.

Final grades will be determined on a relative basis: students with the highest total points will receive A's, those next in line will receive B's, etc. I will not disclose cutoff values.

The class will feature instant quizzes during classes. These non-graded quizzes will be anonymous and will be used to sample your knowledge of the material we will cover in class. Instead of using a clicker system I decided to administer quizzes via a web version that you can access from your phone (this will save you the cost of buying a clicker). The form can be accessed here: <http://tinyurl.com/73240-ales> so make sure to bookmark it!

Additional Policies:

1. Students with Disabilities: If you have a disability, let me know as soon as possible and contact the *Office of Disability Resource* to request appropriate accommodation.
2. Class room behavior: Private conversations, browsing the web and checking email will be considered inappropriate. If you do it, you will be cold called.
3. Final score regrading: any regrading request must be submitted to the economics program at the beginning of the fall semester.
4. Class Material: I will provide lectures slides, notes etc. These materials are subject to copyright and are being provided for the personal educational use by students enrolled in this course. Any other use, including further reproduction and distribution of the materials (whether in hard copy or electronic form) is strictly prohibited. For example, you may not copy any of these materials and upload them to any other web sites without the prior permission of the applicable copyright holder.

Homeworks Policies:



1. Turning in Homework: Homework must be turned in on the day it is due (usually on a Friday) your TA will collect the homework in class. Late homework will NOT be accepted unless you are sick and have a doctor's note.
2. Homework regrading: If you believe a question has been incorrectly graded, please take your homework to your TA within 2 weeks of it being returned.
3. Working in groups: You may work in groups of up to 4. BUT: You MUST put names of other group members on your homework. You MUST write up your own set of answers. Do NOT simply copy some other person's work. Copied homework will result in receiving zero points for that homework as a minimum sanction.
4. TYPE your work. Equations may be hand written. Write your first and last name on the title of each graph. Graphs that do not contain data may be hand drawn.
5. Buy a stapler!

Schedule

Important dates:

- Midterms on Feb 24th and Apr 9th.
- Final exam date: **TBA**
(for updates check: <http://www.cmu.edu/hub/>).
- Grades posted by May 15th.

The following is a tentative schedule, refer to Blackboard for updates on dates and topics.



Week	Monday	Wednesday	Friday
1	(Jan 13) Introduction	(Jan 15) Measurement: levels and GDP	(Jan 17)
2	(Jan 20) No class - MLK day	(Jan 22) Nominal and real Quantities; Measurement: fluctuations	(Jan 24)
3	(Jan 27) Introduction to Forecasting	(Jan 29) The Consumer	(Jan 31)
4	(Feb 3) The Consumer	(Feb 5) The Firm	(Feb 7)
5	(Feb 10) The Firm	(Feb 12) The Government	(Feb 14)
6	(Feb 17) Equilibrium and Pareto optimality	(Feb 19) Taxation and spending	(Feb 21)
7	(Feb 24) MIDTERM 1	(Feb 26) Growth facts	(Feb 28)
8	(Mar 3) Growth: Malthus	(Mar 5) Growth: Solow	(Mar 7) No class
9	(Mar 10) Spring Break	(Mar 12) Spring Break	(Mar 14) No class
10	(Mar 17) Growth: endogenous growth	(Mar 19) Saving and Investment	(Mar 21)
11	(Mar 24) Inter-temporal model	(Mar 26) Inter-temporal model: Policy	(Mar 28)
12	(Mar 31) Finance and macro	(Apr 2) Finance and macro	(Apr 4)
13	(Apr 7) Review	(Apr 9) MIDTERM 2	(Apr 11) No class
14	(Apr 14) Money	(Apr 16) Monetary model	(Apr 18) No class
15	(Apr 21) Monetary model: Policy	(Apr 23) Labor market facts	(Apr 25)
16	(Apr 28) Unemployment, wages	(Apr 30) Final Review	(May 2)