Economics 300: Intermediate Macroeconomics

Instructor: Shawn Arita


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Office Hours: TR 1:30pm-2:30pm or by appointment

Course Overview

The U.S. and global economy continue to face hard times. GDP growth is sluggish, unemployment is still high, fiscal deficits are growing at an unsustainable rate. How did the collapse of the American credit markets lead to the greatest economic malaise since the Great Depression? Why has the economic recovery been so anemic? Why has monetary/fiscal policies been so ineffective? In this new era of doom and gloom, the study of macroeconomics helps us understand the complex forces that shape our economy.

This class develops analytical skills and fundamental concepts that economists need in order to understand the aggregate economy. The study begins with the classical theory of the long run economic behavior where prices are perfectly flexible. This part covers the determinants of the level of national income, money and inflation, interest rate, exchange rate, capital flows, international trade, and the natural rate of unemployment. Later we study the very long run economic behavior and the neoclassical economic growth models. Following the neoclassical approach, we also examine and critique the long-run Solow-Growth-Model. This model provides some insights into why some countries develop faster than others and helps us to understand what cause economic growth and how the government policies impact the macro-economy. We then focus on the short run economic behavior where prices are not flexible. Using the sticky price, Keynesian IS-MP model we attempt to explain economic fluctuations and analyze monetary and fiscal policy in a closed and open economy.

Grading

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<th>Component</th>
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<tr>
<td>Problem Sets/ Pop Quizzes /Participation</td>
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<td>Exam 1</td>
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i. Assignments and Pop Quizzes will be given occasionally throughout the semester.
ii. Problem sets are due at the beginning of the class on the due date. Late assignments will be penalized 10% per day.

iii. Copying others’ assignments will result in a zero grade on that assignment.

iv. It is the students’ responsibility to cover all of the readings. Assigned readings for each class meeting should be read prior to class and then carefully reviewed after class. However, not all of the readings will be covered in detail in class.

v. Attendance and Class Participation: Class participation will be expected by all students. Discussion of current events related to economic issues will be an ongoing feature of the course.

vi. Exams will cover material from lectures, problem sets and the textbook. Exams are cumulative.

Tentative Schedule of Readings

I. Introduction
   1. The Science of Macroeconomics
   2. The Data of Macroeconomics

II. Classical Theory
   3. National Income
   4. Money and Inflation
   5. The Open Economy
   6. Unemployment

III. Growth Theory
   7. Economic Growth I: Capital Accumulation and Population Growth
   8. Economic Growth II: Technology, Empirics, and Policy

IV. Business Cycle Theory
   9. Introduction to Economic Fluctuations
   10. Aggregate Demand I
   11. Aggregate Demand II
   12. Aggregate Supply

Other topics (if time permits): Macroeconomic Policy Debates, The Financial System, Financial Crisis

The class will make use of the textbook and selected supplementary articles. Additionally daily attention to the current news will be expected for classroom discussion. The Wall Street Journal, The Economist, The New York Times, and economic blogs will be used on a regular basis.

Students with Disabilities

If you feel you need reasonable accommodations because of the impact of a disability please (1) contact the KOKUA Program (V/T) at 956-7511 or 956-7612 in room 013 of the QLCSS, and (2) speak with me privately to discuss your specific needs. I will be happy to work with you and the KOKUA Program to meet your access needs related to your documented disability.