

**Department of Economics, University of Hawai'i – Manoa**  
**Intermediate Macroeconomics**  
**Economics 300**  
**Summer 2007 (Session II)**  
**MTWRF 10:30-11:45 (BUSAD D103)**

**Instructor:** Marjorie Pajaron

**Email:** [pajaron@hawaii.edu](mailto:pajaron@hawaii.edu)

**Office:** TBA

**Phone:** TBA

**Office hours:** MW 12-1, or by appointment

### **Course Description**

Our goal, in this course, is to develop economic intuition and have a basic understanding of how the economy at the aggregate level works – causes and consequences of unemployment and inflation, benefits of trade, determination of foreign exchange rates, and the role of the government. Our tools are the macroeconomic concepts and models we will learn throughout the course.

We will start with three core modules. The first one is the *short run* where we will explore equilibrium in goods market and financial markets, and construct the *IS-LM* model. Then we will study the *medium run* and examine the labor market. We will integrate labor, goods, and financial markets and develop the *AS-AD* model. We will then proceed with the *long run* and look at growth models to help us analyze why some countries grow faster than the others do.

These three modules all assume closed economy; therefore, we will extend these and consider trade among countries. We will, lastly, look at the monetary and fiscal policies.

### **Textbook**

Blanchard, Olivier (2005) Macroeconomics, 4<sup>th</sup> edition, Prentice Hall.

### **Grading**

3 problem sets	30%
Exam 1	20%
Exam 2	20%
Exam 3	20%
Attendance/participation	10%

Grades awarded will include +/- notation.

## **Problem Sets**

There will be three problem sets (10% each), which have to be handed in before the start of the lecture the day they are due. 5% will be deducted for each late problem set. An answer key will be posted on the web for each problem set after its due date. Students are encouraged to discuss the problem sets with one another, however, they are expected to complete and write the answers on their own. Plagiarism will not be tolerated. Anyone caught will automatically receive a grade of zero for that problem set.

## **Exams**

There will be three exams that will cover material from lectures, problems sets, and the textbook. Exams are not cumulative. No make-up exams will be given unless a student has a valid reason and a valid proof such as a signed excuse letter from the physician if ill. Cheating will not be tolerated. Anyone caught will automatically receive a grade of zero for that exam.

## **Disability needs**

Please contact me to discuss any specific needs related to your documented disability. Students may also contact KOKUA program at 956-7511 or 956-7612 (room 013 at CLCSS).

## **Website**

Answers to problem sets, answer keys, and grades will be posted on MyUH Portal. Students may use their UH login id and password to access the website.

## Tentative Schedule

July 2 - 6	Introduction to (closed) macroeconomics <i>Short run I: Goods and Financial Markets</i> <b>Problem set 1</b>	Ch. 1, 2 Ch. 3, 4
July 9 – 13	<i>Short run II: IS-LM</i> <i>Medium run: Labor market, AS-AD</i>	Ch. 5 Ch. 6, 7
July 16	<b>Exam 1</b>	
July 17 – 20	<i>Long run I: Growth, Saving, Capital Accumulation, Output</i> <b>Problem set 2</b>	Ch. 10, 11
July 23 – 27	<i>Long run 2: Technological Progress</i> <i>Open Economy I: Goods and Financial Markets</i>	Ch. 12 Ch. 18-19
July 30	<b>Exam 2</b>	
July 31 – Aug. 3	<i>Open Economy II: Output, Interest rate and ER Monetary Policy</i> <b>Problem set 3</b>	Ch. 20, 21 Ch. 25
Aug. 6 – 9	Fiscal policy Policy in a political world (optional)	Ch. 26 Ch. 24
Aug. 10	<b>Exam 3</b>	

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