

**Intermediate Macroeconomics
Econ 204 Online
Summer Session II, 2021**

INSTRUCTOR INFORMATION

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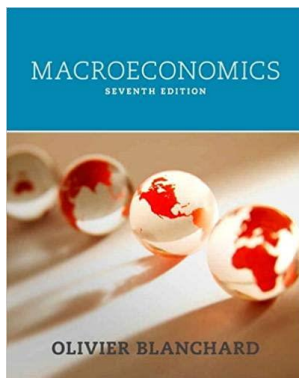
Office hours: By appointment (via Zoom, info below)

Meeting link: <https://umass-amherst.zoom.us/j/7541203614>

Meeting ID: 754 120 3614

COURSE OBJECTIVES

This course provides the analytical tools for understanding the behavior of key macroeconomic variables, notably aggregate output and its components (investment, consumption, government expenditure and net exports), employment, and inflation, both the context of a closed economy and in the open economy. Conditions for equilibrium in key markets (goods, labor, and financial markets) are examined. The course discusses the instruments of monetary and fiscal policy as well as the impact of fiscal and monetary policy interventions on economic activity.



TEXTBOOK: Blanchard, Olivier (2017). *Macroeconomics*. 7th edition.

OTHER READINGS: Select chapters of another macroeconomics textbook, books, and articles (all of which will be provided).

COURSE SCHEDULE

The format of this course gives you a great deal of flexibility for self-scheduling. Still, even though we do not meet at specific hours, I suggest that you follow the modular schedule as closely as your schedule permits. Most importantly, if you fall behind it will be costly, both for your ability to learn the material and for your grade. Please remember to pay attention to due dates! If you work ahead of the schedule at any point during the semester, please remember to check in with the modules you have gotten to early during the period indicated on the syllabus when your classmates and I catch up with you. I may have something to add to the material that was already posted, and the discussions on the discussion board are likely to both contribute to your understanding and benefit from your contributions.

ASSESSMENT:

Midterm exam I: 20%

Midterm exam II: 20%

Final exam: 20%

Three 1.5 pages on videos: 15%

Problem Sets: 15%

Discussions: 10%

DISCUSSION QUESTIONS – WORTH 10%

Discussion questions 1-6 correspond to Module 1-6. Each person will be expected to submit responses to a discussion question after the completion of each module. (Answers should be at least 100 words). In addition, each person is to post at least one response to other submissions (response is to be at least 25 words). You will get 1.5 points for each completed discussion contribution (including initial answer and 1 response). You will be assigned to a group (Discussion Group 1, 2, 3, etc.). Find group link under “My Groups” on the left of webpage.

DUE DATES: VERY IMPORTANT!!!

In order to be fair to all students in the class, all due dates are firm. Unless otherwise granted an extension by me, if assignments are late the grade will be reduced by 5% each day up to two days late. After two days, your assignment may no longer be accepted, and would receive a zero. In general, I tend to be generous with extensions as long as you keep in communication about your situation. Otherwise, late work will be given a zero unless you have a university sanctioned reason (see <https://www.umass.edu/registrar/students/policies-and-practices/class-absence-policy>).

When turning in your assignments and assessments, please label your file name as Lastname.Chapter#.doc (e.g., Smith.Chapter3.doc). The file should be in MS Word or PDF format. Graphs should be done in Excel or using a drawing routine in MS Word. You can always scan your work and submit it as a PDF file. The easiest way to ensure you do not run into file size issues is to copy & paste the scanned image of your work into a MS Word document, then save the document as a PDF file.

ACADEMIC HONESTY

The integrity of the academic enterprise of any institution of higher education requires honesty in scholarship and research. Academic honesty is required of all students at the University of Massachusetts Amherst. Academic dishonesty is prohibited in all programs of the University (see <https://www.umass.edu/honesty>). Academic dishonesty includes but is not limited to: cheating, fabrication, plagiarism, and facilitating dishonesty. Appropriate sanctions may be imposed on any student who has committed an act of academic dishonesty. As the instructor, I will take reasonable steps to address academic misconduct. Any person who has reason to believe that a student has committed academic dishonesty should bring such information to my attention as soon as possible. Students are expected to be familiar with this policy and the commonly accepted standards of academic integrity. Ignorance of such standards is not normally sufficient evidence of lack of intent. The University's policy on academic honesty will be rigorously enforced, and acts of cheating, plagiarism, or other forms of academic dishonesty may result in a failing grade for the entire course.

ACCOMMODATION POLICY

The University of Massachusetts Amherst is committed to providing an equal educational opportunity for all students. If you have a documented physical, psychological, or learning disability on file with Disability Services (DS), Learning Disabilities Support Services (LDSS), or Psychological Disabilities Services (PDS), you may be eligible for reasonable academic accommodations to help you succeed in this course. If you have a documented disability that requires an accommodation, please notify me within the first two weeks of the semester so that we may make appropriate arrangements. (For more information, see here: <https://www.umass.edu/disability>)

WELCOMING AND RESPECTFUL CLASSROOM

As the instructor of this course, I am committed to providing a welcoming, inclusive, respectful, and safe classroom for all participants. Our classroom will promote respect and sensitivity concerning differences of class, religion, politics, parity, sexual orientation, gender, gender variation, or nationality and people affected by racism. Please make a commitment to respect, courtesy, and sensitivity and to work through

any problems if they arise. Feel free to let your classmates and me know your preferred mode of address (name, pronoun, etc.).

As economics is the study of the distribution of societal resources, political and ethical disagreement will inevitably arise. This course will emphasize scholarly disagreement and the significant consequences of alternative choices. All views, however, will be respected. The expectation and rule are that we will engage in respectful, civil dialog throughout. If you have any questions or concerns, I urge you to contact me.

MODULES

The syllabus covers six Modules:

Module No.	Discussion Questions
Module 1: Introduction/Background	1. Is GDP a good measure of economic welfare?
Module 2: The Short Run	2. Are fiscal policy and monetary policy independent?
Module 3: The Medium Run	3. Why is the hypothesized trade-off between unemployment and inflation a stable relationship?
Module 4: The Open Economy	4. How can you explain a persistent/sustained US trade deficit?
Module 5: Debt and Financial Instability	5. Why is financial capitalism prone to crisis?
Module 6: The Coronavirus Pandemic	6. Is the Coronavirus Pandemic a supply shock or a demand shock?

SCHEDULE

Module	Unit #	Topics	Textbook (Blanchard)	Other Blackboard Course Content	Assignments Due
1	1	Introduction/ Background	Chapters 1 (Chapter 2 is optional)	<p>Other Readings Mitchell, Wray & Watts, <i>Macroeconomics</i>, Chapter 7</p> <p>Video Lectures</p> <ul style="list-style-type: none"> ○ Professor Medlin, Welcome Lecture ○ Professor Medlin, "Math Review" <p>PowerPoint Lecture</p> <ul style="list-style-type: none"> ○ Introduction to the course ○ Math review <p>Streaming Videos Documentary: "The Inside Job" by Charles Ferguson</p>	<p>Module 1 Discussion</p> <p>Essay 1: Write a 1.5 Page response paper to the "The Inside Job"</p> <p>Due date: July 11</p>
2	2	Goods Market (Should be largely review from Econ 104)	Chapter 3	Video Lectures and PowerPoints – The Goods Market	<p>Chapter 3 Exercises: 2-6</p> <p>Due date: July 18</p>
	3	Financial Markets	Chapter 4	<p>Other Readings</p> <p>Video Lectures and PowerPoints – The Money Market</p>	<p>Chapter 4 Exercises: 3</p> <p>Due date: July 18</p>
	4	Goods & Financial Markets: IS-LM Model	Chapter 5	Video Lectures and PowerPoints – IS-LM Model	<p>Chapter 5 Exercises: 2, 3(a-c), 5 (a, b, d, e), 8, 9</p> <p>Due date: July 18</p>
Midterm Exam 1	1-4	See topics above	Chapters 1-6	Review content above	Due date: July 21
3	5	The Labor Market	Chapter 7	Video Lectures and PowerPoints - The Labor Market	<p>Chapter 7 Exercises: 1, 3, 5</p> <p>Due date: July 25</p>
	6	Unemployment & Inflation	Chapter 8	PowerPoint Lectures: The Phillips Model	<p>Chapter 8 Exercises: 1, 2, 7, 8</p> <p>Due date: July 25</p>

Module	Unit #	Topics	Textbook (Blanchard)	Other Blackboard Course Content	Assignments Due
	7	IS-LM-PC Model	Chapter 9	PowerPoints – IS-LM-PC Model	Chapter 9 Exercises: 2, plus additional questions (see assignment) Module 3 Discussion Due date: July 25
4	8	Openness in Goods Markets	Chapter 17	Other reading "Why Trump's trade war with China failed" by Ryan Cooper PowerPoints Openness in Goods Markets Streaming Video Documentary: "Black Gold" by Nic and Marc Francis Video Lecture – Trade Issues	Chapter 17 Exercises: 2, 4 Essay 3: Write a 1.5-page response paper to <i>Black Gold</i> Due date: August 1
	9	The Goods Market in an Open Economy	Chapter 18	PowerPoints The Goods Market in an Open Economy	Chapter 18 Exercises: 1, 7(a-f), 8(a) Due date: August 1
	10	Monetary & Fiscal Policy in an Open Economy	Chapter 19	PowerPoints Monetary & Fiscal Policy in an Open Economy	Chapter 19 Exercises: 1(a-g), 3, 5 Module 5 Discussion Due date: August 1
Midterm Exam 2	5-10	The Medium Run and Open Economy	Chapters 7-9, 17-19	Review content above	Due date: August 4
5	11	Sectoral Balances		Other reading Mitchell, Wray, & Watts, <i>Macroeconomics</i> , Chapter 6 Video Lecture – Sectoral Balances Approach PowerPoints – 5.1 Sectoral Balances	Exercises: See assignment 5.5 for instructions Due date: August 8

Module	Unit #	Topics	Textbook (Blanchard)	Other Blackboard Course Content	Assignments Due
	12	Financial Instability		<p>Other reading Mitchell, Wray, & Watts, <i>Macroeconomics</i>, Chapter 26 and 32</p> <p>Video Lecture – Theories of capitalism and crisis</p> <p>Streaming Video: Documentary: "Boom Bust Boom"</p> <p>PowerPoints –</p>	<p>Essay 4: Write a 1.5-page response paper to "Boom Bust Boom"</p> <p>Due date: August 8</p>
	13	The Financial Crisis		<p>Other reading</p> <ul style="list-style-type: none"> Vague, <i>A Brief History of Doom</i>, Chapter 1 (optional) and 6 "The 2008 crisis: transpacific or transatlantic?" by Robert McCauley <p>Video Lecture</p> <p>Streaming Video - "The 2008 crisis: transpacific or transatlantic?" on YouTube</p> <p>PowerPoints – The Great Depression and the GFC</p>	<p>No assignment But you will be responsible for this section on the final exam.</p>
	14	Debt and the Great Recession		<p>Other reading Amir & Sufi, <i>House of Debt</i>, Chapter 2-4</p> <p>PowerPoints - House of debt</p>	<p>Exercises: See assignment for instructions</p> <p>Due date: August 8</p>
6	15	The Coronavirus Pandemic		<p>Other reading</p> <ul style="list-style-type: none"> "Is The Covid-19 Pandemic a Supply or a Demand Shock" by Brinca et al. "Ten Facts about COVID- 	<p>No assignment But you will be responsible for this section on the final exam.</p>

Module	Unit #	Topics	Textbook (Blanchard)	Other Blackboard Course Content	Assignments Due
				19 and the U.S. Economy" by Bauer et al.	
	16	The Fiscal and Monetary Policy Response to Covid		Other readings <ul style="list-style-type: none"> • "Notes on the Coronacoma (Wonkish)" by Paul Krugman • "How the U.S. economic response to the coronavirus pandemic stacks up to the rest of the world" by Fred Imbert • "The Fed is providing way more help for the markets now than it did during the financial crisis" by Jeff Cox • "Tracking America's Recovery" by CNN Business 	No assignment But you will be responsible for this section on the final exam. Module 6 Discussion Due date: August 15
Final Exam	11-16	Sectoral Balances, Minsky, Debt, and the Great Financial Crisis		Review content above Especially Mitchell, Wray & Watts, <i>Macroeconomics</i> , Chapter 6, 23; Amir & Sufi, <i>House of Debt</i> , Chapter 2-4 Note the final is not cumulative.	Due date: August 16