

Course: ECO 3311 Intermediate Macroeconomics
Professor: Victor J. Valcarcel
Term: Fall 2016
Meetings: T/Tr 1:00pm-2:15pm CB3 1.312



Professor's Contact Information

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Office Location GR 2.516
Office Hours T/Tr 11:15am-12:45pm (Otherwise by appointment)
Other Information Email only to arrange for appointments outside office hours or to present documentation to justify a future absence. Email for other purposes is restricted. I do not believe in providing asymmetric information--Thus any and all material or logistical announcements pertaining to the course will *only* take place in class. Do not email attachments unless I specify otherwise.
I do not teach via email.

General Course Information

Pre-requisites, Co-requisites, & Other Restrictions ECON 2301 and ECON 2302 and ECON 3304 (or MATH 2417 or MATH 1325 or MATH 2413)

Course Description We will develop working knowledge of the basic principles of aggregate supply and demand and their relation to economic fluctuations. We will examine the important role of information in the supply and demand of credit. We will delve into the age-old problems of inflation and unemployment and analyze broad and specific monetary policy avenues, to address some of these issues, and their implications for general welfare.

Student Learning Objectives/Outcomes My goal is not to give you "pre-packaged" answers, but to train you to analyze them for yourselves and help you formulate better economic questions. Thus, by the end of the course you'll have some insight and understanding of important questions such as: How has US monetary policy evolved in the postwar period? How important is information and credibility for economic stabilization? How does the economy react to surprises vs. announced plans from the Fed?

Required Textbook

Mishkin. Macroeconomics: Policy and Practice 2nd ed. Pearson. 2013
ISBN-13: 978-0133424317

Assignments & Academic Calendar

Exam Dates are TBD. I will announce them in class *at least* two weeks prior with repeated reminders as we approach the date.

Units

1. Introduction

2. Money and Inflation

3. Short-Run Overview

4. Investment and Saving

5. Introduction to Monetary Policy

6. AD and MP

7. AS and the Phillips Curve

8. AS/AD Analysis

9. Macroeconomic Policy and the Fed

10. Expectations & Policy Rules v. Discretion

11. The Financial System and the Macroeconomy

12. Financial Crises and the Economy

13. Modern Business Cycle Theory

Highlights

Defining the Macroeconomy
An island example

Definitions, Money supply and the growth of money, Fisher's equation of exchange, Interest rates and the price level, Costs of inflation and seignorage, Long run neutrality.

S-R trends, fluctuations and shocks, Short-run non-neutrality, Okun's law.

The investment equation and the interest rate, Deriving the IS curve, Applying the IS curve.

Interest rates revisited, The MP Curve, IS-MP analysis.

The Fed's goals and tools of monetary policy, targeting money v. rates, Deriving AD from IS-MP.

Phillips Curve, cost push and demand pull, Deriving AS from PC.

Equilibrium SR v LR, AD shocks, temporary and permanent supply shocks.

The Fed's goals and tools of monetary policy (revisited), The Market for Reserves.

Adaptive Expectations, Rational Expectations, Taylor Rule, Friedman Rule, Time-inconsistency Problem, Inflation Targeting and Constrained Discretion: advantages and disadvantages, Anchoring to Nominal Variables, Credibility.

Banks and other financial intermediaries, Asymmetric information problems (Adverse selection and Moral Hazard) and solutions (Screening, Monitoring and Collateral), Financial regulation.

Stages of financial crises: 1. Abuse of Financial Liberalization, 2. Asset Price Bubble and Bust, 3. Banking Crises, 4. Debt Deflation, "The Great Depression of 1929", "The Great Financial Crisis of 2007-'09"

Real Business Cycle Models, The "Old" and the "New" Keynesian Model, Predictions and prescriptions of each model for stabilization

Course & Instructor Policies

Grading & Assessment: The course is based on a total of **1000 points**:

OVERAL SCORE (a+b+c+d) = 1,000pts)

score > 899pts ----> A
799 < score < 899pts ----> B
699 < score < 799pts ----> C

599 < score < 699pts ----> D

Examinations: All worth 700 points. (Will all take place in the classroom). These dates are tentative and I reserve the right to change them at my convenience. It is YOUR responsibility to keep abreast of any changes I make to the schedule. Best way to do that is to come to class.

(a) **Midterm 1: TBD, worth 300 points**

(b) **Midterm 2: TBD, worth 250 points**

(c) **Final: Check university website for date/time, worth 150 points**
(comprehensive)

There are no makeup midterm exams. With a valid medical excuse reflecting an emergency I will apply the weight of the missed midterm to the weight given to the composite quiz score. (e.g. missing the 2nd midterm means the quiz portion is worth 550 points instead). Can only be applied once and only with sufficient documentation of a dire medical emergency.

Quizzes: There will be an unspecified number of unannounced (d) **quizzes all worth 300 points.**

There will be absolutely no excused absences from a quiz: medical, family emergency, technical difficulty, or otherwise. However, I will drop the bottom 20% of quiz scores. For example, if there are 10 quizzes given and you miss two of them, those two zeros will get dropped. If you miss more (for whatever reason), then those zeros would be part of your composite quiz score. Much like Mexican food, think of quizzes as some form of non-durable good. The lifespan of the quiz is the 10 minutes we dedicate to it that particular day. If you come in late or leave early you will irrevocably get a zero!

There are absolutely no makeup quizzes.

Attendance: Attendance is not mandatory but highly recommended as:

One: the lectures will often provide information above and beyond the readings.

Two: coming to class will correlate highly with your quiz score, and thus, with your standing in the course.

Participation: Some extra credit not to extend beyond **50 points** (or 5%) of the overall grade may be allocated to in-class discussion. The score will be based on the quality, not the quantity, of the exchanges. **No Laptops or phones.** They must be put away at the beginning of class unless otherwise stated by me.

Comet Creed

This creed was voted on by the UT Dallas student body in 2014. It is a standard that Comets choose to live by and encourage others to do the same:

“As a Comet, I pledge honesty, integrity, and service in all that I do.”

Academic Dishonesty: The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrates a high standard of individual honor in his or her scholastic work.

Academic dishonesty can occur in relation to any type of work submitted for academic credit or as a requirement for a class. It can include individual work or a group project. Academic dishonesty includes, plagiarism, cheating, fabrication and collaboration/collusion. In order to avoid academic dishonesty, it is important for students to fully understand the expectations of their professors. This is best accomplished through asking clarifying questions if an individual does not completely understand the requirements of an assignment.

Additional information related to academic dishonesty and tips on how to avoid dishonesty may be found here: <http://www.utdallas.edu/deanofstudents/maintain/>.

UT Dallas Syllabus Policies and Procedures

The information contained in the following link constitutes the University's policies and procedures segment of the course syllabus.

Please go to <http://go.utdallas.edu/syllabus-policies> for these policies.

The descriptions and timelines contained in this syllabus are subject to change at the discretion of the Professor.