

# ECON 6620. MACROECONOMICS FOR GRADUATE STUDENTS

Fall 2023

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## Contact information

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[Personal website](#)

[University website](#)

## Course Page

[Canvas](#)

## Prerequisites

ECON 2010, ECON 2020, ECON 4010, ECON 4020, and College Algebra and Calculus.

## Course Description and Objectives

Macroeconomics is the study of aggregate economic phenomena. It studies issues related to unemployment, inflation, stabilization policies in closed and open economies, and the determinants of national output and price levels. This course will provide insights into these key macroeconomic issues, it will examine how to develop formal models to study relationships between different aggregate economic variables, and it will discuss the feedback effects between markets and government economic (fiscal and monetary) policies.

At the completion of this course, students:

1. Are expected to have a solid knowledge of why and how economists (and policymakers) often disagree about the nature and mechanisms of business cycles, unemployment, inflation and economic growth, and the appropriate policy responses.
2. Should be able to read, evaluate, and discuss cogently the relevant media accounts.

## Learning Outcomes

1. *Inquiry and Analysis:* Macroeconomics is a contentious discipline. There are competing theories of what causes unemployment, inflation, business cycles, and economic crises, and the appropriate remedies to these problems. This course will develop a series of macroeconomic models to understand relationships between aggregate economic variables, investigate monetary and fiscal policy implications of alternative theoretical chains of causation, and examine empirical evidence for competing hypotheses.
2. *Critical Thinking:* The emphasis will be on how to set up macroeconomic models and to obtain logical conclusions from them. Students are expected to understand the underlying—and sometimes hidden—assumptions of the models and to learn how to distinguish between competing theories.
3. *Quantitative Literacy:* We will make extensive use of algebraic, numerical, and graphical tools to discuss macroeconomic theories. Thus, students will also develop quantitative skills that will allow them to understand graphical, logical and numerical relationships between macroeconomic variables.

## Required Textbook

- Carlin, Wendy and Soskice, David (2015). *Macroeconomics: Institutions, Instability and the Financial System*. Oxford: Oxford University Press. 2nd Edition.

We will only follow the most recent edition (2nd).

## Complementary Readings

- Baumol, William and Blinder, Alan (2012). *Macroeconomics. Principles and Policy*. Mason: South-Western CENGAGE Learning. 12th Edition.
- Blanchard, Olivier (2017). *Macroeconomics*. Boston: Pearson. 7th Edition.
- Herbst, Edward and Schorfheide, F. (2016). *Bayesian Estimation of DSGE models*. Princeton: Princeton University Press.
- Hoover, Kevin. (2012). *Applied Intermediate Macroeconomics*. New York City: Cambridge University Press.
- Snowden, Brian and Vane, Howard (2005). *Modern Macroeconomics. Its Origins, Development and Current State*. Cheltenham: Edward Elgar. 2nd Edition.

These readings are not required; but they may help to provide a more comprehensive understanding of the topics discussed in class. I would be happy to share some of these materials with those of you who are interested.

Students are also encouraged to keep up with current economic news. *Financial Times*, *New York Times* and *Wall Street Journal* are excellent sources and they are free on campus. You may also want to peruse *The Economist*. Additionally, an excellent website where you can find op-ed pieces by leading economists is *Project Syndicate*.

## Course Requirements

The course follows the main textbook closely. The lectures cover only the key points of each of the chapters, so it is important that you follow the reading assignments for each class.

## University Policies

1. **The Americans with Disabilities Act.** The Department of Economics at the University of Utah seeks to provide equal access to its programs, services and activities for people with disabilities. If you need accommodations in this class, reasonable prior notice needs to be given to the instructor and to the Center for Disability Services (162 A. Ray Olpin Student Union Building, 581-5020 (V/TDD)) to make arrangements for accommodations (more information can be found [here](#)). All written information in this course can be made available in an alternative format with prior notification to the Center for Disability Services.
2. **University Safety.** The University of Utah values the safety of all campus community members. To report suspicious activity or to request a courtesy escort, call campus police at 801-585-COPS (801-585-2677). You will receive important emergency alerts and safety messages regarding campus safety via text message. More information regarding safety and to view available training resources (including helpful videos) can be found [here](#).
3. **Addressing Sexual Misconduct.** Title IX makes it clear that violence and harassment based on sex and gender (which includes sexual orientation and gender identity/expression) is a civil rights offense subject to the same kinds of accountability and the same kinds of support applied to offenses against

other protected categories such as race, national origin, color, religion, age, status as a person with a disability, veteran's status or genetic information. If you or someone you know has been harassed or assaulted, you are encouraged to report it to the Title IX Coordinator in the Office of Equal Opportunity and Affirmative Action, 135 Park Building, 801-581-8365, or the Office of the Dean of Students, 270 Union Building, 801-581-7066. For support and confidential consultation, contact the Center for Student Wellness, 426 SSB, 801-581-7776. To report to the police, contact the Department of Public Safety, 801-585-2677(COPS).

4. **Undocumented Student Support.** Immigration is a complex phenomenon with broad impact—those who are directly affected by it, as well as those who are indirectly affected by their relationships with family members, friends, and loved ones. If your immigration status presents obstacles to engaging in specific activities or fulfilling specific course criteria, confidential arrangements may be requested from the Dream Center. Arrangements with the Dream Center will not jeopardize your student status, your financial aid, or any other part of your residence. The Dream Center offers a wide range of resources to support undocumented students (with and without DACA) as well as students from mixed-status families. To learn more, please contact the Dream Center at 801.213.3697 or visit the [Dream Center website](#).

### Exams and Grading Policy

The course grade will be based on class participation, two homework assignments, two exams, and one final research extended abstract:

Class participation (10%) + Homework Assignments (30%) + Exams (50%) + Final Research Extended Abstract (10%).

There will be no make-up exams and late assignments will not get credit except in the cases of:

1. *Medical emergencies.*
2. *Officially sanctioned University activities.*
3. *Religious obligations.*

As indicated in PPM 9-7 Sec 15, the appropriate unit should provide a written statement for the reason of absence. In cases 2 and 3, students should get in touch with me at least one week before the exam and reschedule the examination. Students will not be assigned extra credit work to improve their grades. Senior class students' work will not be graded differently.

Three weeks prior to each exam, I will provide a study guide in the form of a homework assignment with the sample questions that will appear in each exam. Students must submit a complete study guide to receive the 15% associated with each homework assignment.

Class participation means anything from asking questions to leading discussions related to the topics covered in each class. Students will need to participate in this way in at least 5 classes to receive the 10% associated with this component.

The final research extended abstract must be a two-page summary of the student's own design. It should be double-spaced, typewritten, and follow conventional footnoting and bibliographic rules. It should also include a references page containing at least three references, two of which should be academic peer-reviewed articles. It should provide answers to the three following questions:

1. What research project I might be interested in developing to complete my master's degree? Why do I believe that this project matters?
2. What academic literature has studied this problem? How did they do it? What are their main findings?

### 3. What is my main hypothesis?

Grading system follows the university standards:

- Excellent, superior performance: A (90-100%), A- (85-89.9%)
- Good performance: B+ (80-84.9%), B (75-79.9%), B- (70-74.9%)
- Standard performance: C+ (65-69.9%), C (60-64.4%), C- (55-59.9%)
- Substandard performance: D+ (50-54.9%), D (45-49.9%), D- (40-44.9%)
- Unsatisfactory performance: E (0-39.9%)

### Important dates

Labor Day .....	Monday, September 4
Homework #1 .....	Monday, October 2
Exam #1 .....	Monday, October 2
Fall Break .....	Sunday-Sunday, October 8-15
Homework #2 .....	Monday, November 27
Exam #2 .....	Monday, November 27
Final research extended abstract .....	Monday, December 11

### Class Rules

1. I encourage student cooperation in homework assignments. However, each student must present her own assignment. Duplication of the same assignment under different names is not acceptable and is considered cheating. Cheating in homework assignments or exams and other types of academic misconduct will be dealt with in accordance with the University regulations. Full details on procedures and penalties can be found [here](#). Punishments can be severe, so don't do it.
2. No electronic submissions will be accepted. You must hand in a hard copy of your assignments, either a manuscript or a printed document.
3. I will use Canvas for announcements, homework assignments, posting extra readings, etc. However, Canvas is not a substitute to attending class. It is your responsibility to keep up with the class.
4. Come to class in time.
5. Read the assigned material in advance and familiarize with the subject before the lecture.
6. Turn off your cell phones and remove them from your desk.
7. Do not believe any of the economics you read in the textbook or elsewhere. Learn it well and critically.
8. Do not believe any of the economics I present in class. Learn it well and critically.

### Course Outline

The following outline is approximate. We may slow down or speed up in accordance with the needs and demands of the class.

#### 1. Core topics

- *Lecture 1. The New Keynesian paradigm: an introduction.* Galí (2018) and Preface of Carlin and Soskice (2015)

- *Lecture 2. The demand side.* Chapter 1 of Carlin and Soskice (2015)
- *Lecture 3. The supply side.* Chapter 2 of Carlin and Soskice (2015)
- *Lecture 4. The three equation model and monetary policy.* Chapter 3 of Carlin and Soskice (2015)
- *Lecture 5. Expectations.* Chapter 4 of Carlin and Soskice (2015)
- *Lecture 6. Supply-side policy, institutions and unemployment.* Chapter 15 of Carlin and Soskice (2015)
- *Lecture 7. Money, banking and the macro-economy.* Chapter 5 of Carlin and Soskice (2015)
- *Lecture 8. The financial sector and financial crises.* Chapter 6 of Carlin and Soskice (2015)
- *Lecture 9. Economic growth, economic fluctuations and innovation.* Chapter 8 of Carlin and Soskice (2015)

## 2. Extensions

- *Lecture 10. The three equation model in the open economy.* Chapter 9 of Carlin and Soskice (2015)
- *Lecture 11. Demand and supply sides in the open economy.* Chapter 10 of Carlin and Soskice (2015)
- *Lecture 12. Monetary Policy.* Chapter 13 of Carlin and Soskice (2015)
- *Lecture 13. Fiscal Policy.* Chapter 14 of Carlin and Soskice (2015)
- *Lecture 14. Real Business Cycle and New Keynesian DSGE models.* Chapter 16 of Carlin and Soskice (2015) and O'Hara (2015)