

Cornell University, SPRING 2014
ECONOMICS 3020: ACCELERATED MACROECONOMICS

TEACHING TEAM:

1. Karl Shell

Thorne Professor of Economics
402 Uris Hall

www.karlshell.com

Proposed office times: MWF 11:10AM to 11:40AM and by appointment through Raimund Riedl

2. Tirupam Goel

Teaching Assistant

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350 IVES East

Office Hours: TDB

3. Raimund G. Riedl

Mentor, Office and IT Manager

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402 Uris Hall

Office Hours: TDB

LECTURES by Professor Shell:

MWF 10:10 AM to 11:00 AM

Location: BKL 135 (Baker Laboratory)

DISCUSSION SECTIONS led by Mr. Goel:

1. Friday 12:20 PM to 1:10 PM
2. Friday 1:25 PM to 2:15 PM
3. Friday 2:30 PM to 3:20 PM

Location: RCK 102 (Rockefeller Hall)

PREREQUISITES:

1. Either ECONOMICS 3010 or ECONOMICS 3030 (formerly 3130)
2. Comfortable with calculus

TEXTBOOK:

- Abel, Bernanke, & Croushore, *Macroeconomics*, 8th Edition. Hereafter *ABC*.
- Options (in ascending order of cost): e-text (digital version), student value edition (3-hole-binder version), hard-cover book. Available at the Campus Store, Kraftees, Pearson Online, and possibly elsewhere.
- Course material will be available at Blackboard (and also at www.karlshell.com).
- MyEconLab will **NOT** be used in this course.

COURSE:

1. 4 Credits
2. 3 lectures per week, MWF
3. 1 section meeting, Fridays
4. Covers elementary Macroeconomics, Intermediate Macroeconomics and more
5. For students with analytical skills
6. There are some forbidden overlaps between this class and ECON 1120 and ECON 3040 (formerly ECON 3140). The forbidden overlaps would depend on your cohort. For details, please refer to the department website or visit the following link <http://www.economics.cornell.edu/undergrad/faq.html>.
Kindly speak with the Director of Undergraduate studies in the Department of Economics if you have any questions on this matter.
7. There are rules for Economics Majors that apply to ECON 3020. The Major rules depend on your cohort. For details, please refer to the Department website or visit the following link <http://www.economics.cornell.edu/undergrad/econmajor.html>.
Kindly speak with the Director of Undergraduate studies in the Department of Economics if you have any questions on this matter.

TESTING:

1. Two 50-minute in-class prelims, tentatively set for Monday, 24 February and Monday, 7 April.
2. One 120-minute final examination (Date and Location: TBD)
3. Weekly homework, usually due on Fridays

EVALUATION:

The grade in this course will be based on the homework problem sets and classroom participation (10%), the two prelims (25% each), and the final examination (40%). (Generally, the weekly homework will be due by the end of the week, except the first week and the exam week.)

MAKE-UP PRELIM:

A student with valid excuse for one missed prelim will have his/her grade determined by only the one taken prelim and (of course) the final, the home-works, and class performance.

TENTATIVE COURSE OUTLINE:

Two lecture slots will be used for administering the prelims. Three lectures will be for review. The remaining 37 lectures will be on new material.

Here is a tentative list of the topics that we will cover in lectures and sections with the corresponding readings from the Abel, Bernanke and Croushore text (hereafter: *ABC*).

Lecture 1

What is Macroeconomics? Who are the Macroeconomists? What do they do?

Lectures 2-4

The 1-sector model. Production functions. Basic economic variables. National Income Accounting.

ABC: Ch. 1 & 2, Ch. 3 (p.60-68)

Lectures 5-7

Output, Inflation, Employment, Savings and Investment. The Philips curve.

ABC: Ch. 3 & 4

Lectures 8-10

The Wealth of Nations. The Dismal Science. Economic Growth.

ABC: Ch. 6

Lectures 11-12

Money, Prices and the Asset-Market-Clearing equation.

ABC: Ch. 7

Lecture 13

Review

Lectures 14 (Monday, 24 Feb)

Prelim 1 in class

Lectures 15-17

Money, Finance, Bank Runs, Financial Fragility.

ABC: Ch. 14

Lectures 18-20

Business Cycles: Divine coincidence, Nominal rigidities, Keynesian vs. Classical theories.

ABC: Ch. 8 - 11

Lectures 21-22

Demography and Overlapping Generations.

Lectures 23-27

General Equilibrium: IS-LM and AS-AD, Rigidity/Flexibility of IS-LM-AS-AD in Short Run vs. Long Run.

ABC: Ch. 9

Lecture 28

Review

Lecture 29 (Monday, 7 Apr)

Prelim 2 in class.

Lectures 30-35

International Macroeconomics and International Finance: Financial Tri-lemma, Exchange-Rate regimes.

ABC: Ch. 5 & Ch. 13

Lectures 36-39

Government Policy: Fiscal, Monetary and Macro-Prudential Policies.

ABC: Ch. 14 -15

Lectures 40-41

Recent Economic Issues and Events: Financial Crises, Jobless Recoveries.

Lecture 42

Review