ECONOMICS 3020: Accelerated Macroeconomics

Baker Laboratories 119

MWF 10:10 AM - 11:00 AM
Teaching Team

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Course Details

Text:
Abel, Bernanke, & Crushmore and My EconLab
Buy from Campus Store, Kraftees, or Pearson online
Your choice, E-book & MyEconLab or Hard Copy & MyEconlab & E-book
- MyEconLab includes the E-book, so Hard-Copy optional
- Pearson/MyEconLab Course Code: kang34449

Requirement:
Must be comfortable with calculus
Lectures:
MWF 10:10AM to 11:00AM
Baker Labs 119
Lectures will cover material in the text augmented by more advanced treatments, math presentation, more economic growth, bank runs, financial fragility, and current macro policy issues.

Syllabus and lecture notes are available on blackboard
Course Details

Sections:
- Friday 12:20PM to 1:10PM,
- Friday 1:25PM to 2:15PM
- Friday 2:30PM to 3:20PM
- Rockefeller Hall 112
Course Details

Quizzes:
- Prelim 1, 50-minutes, in class, tentatively March 6
- Prelim 2, 50-minutes, in class, tentatively April 8
- Final, 120-minutes, Monday May 13, 9:00AM to 11:30AM

Evaluation:
- Homework & Class Participation: 10%
- Prelim 1: 25%
- Prelim 2: 25%
- Final: 40%

Demanding course: not curved
Credit Awarded:

Economics 3020, with a grade of C or better, substitutes for Econ 1120.

Economics 3020, with a grade of B or better, substitutes for both Econ 1120 and Econ 3140.

Forbidden Overlap:

If one takes Econ 1120 and Econ 3140, one cannot receive credit for Econ 3020.
Notable Economists

Adam Smith

Paul Samuelson

Hirofumi Uzawa
Notable Economists

John Maynard Keynes

Kenneth Arrow

Todd Keister
Notable Economists

Simon Kuznets

Richard Stone

David Ricardo
Notable Economists

Robert Solow  
Walter Heller  
James Tobin
Notable Economists

Joseph Stiglitz

George Akerlof

Paul Romer
Notable Economists

Phillip Dybvig

Robert Shiller

Ben Bernanke
General Advice

How to study for this and other economics courses?

• Partly like history courses: facts & theories etc to master.

• Partly like physics courses: **must** be able to solve problem sets, reflecting that economics is an empirical science.
Differences Between Macro & Microeconomics

1. Aggregate versus disaggregated variables:
   \( Y, Q, C, Z, K, L, \ldots \)

Based on national income accounting due to Simon Kuznets (Penn & Harvard) and Sir Richard Stone (Cambridge)

Basis of models of John Maynard Keynes (Cambridge), Lawrie Klein (Penn), \ldots.
Differences Between Macro & Microeconomics

2. Aggregate focus on money, finance, growth, asset prices, inter-temporal economics, unemployment, …

Connotation # 2 is at least as important as Denotation #1.
Macroeconomics versus Microeconomics

**Denotation:**
- Big Picture Versus Detailed Picture

**Connotation:**
- Money
- Banking
- Employment
- Interest Rates
- International Exchange Rates
- Saving
- Output, Y
- Consumption, C
- Investment, I
- Growth
- Taxes, T
- Transfers
- Government Expenditures on goods and services, G
- Govt. Budget Deficit
- Debt
- Trade Deficit
- Balance of Payments
Macroeconomics is a Fascinating Subject

- Big Picture Versus Detailed Picture
- Essential for social policy
- Useful for self-advancement
- Combines theory, empirics, math, statistics, policy, history, philosophy, ethics, etc.
- Open questions that are relevant
Definition:

Macroeconomics is the study of structure and performance of national economies and government policies that affect economic performance.
Some Macro Topics:

- Long-run economic growth
- Business cycles
- Unemployment
- Inflation

Macroeconomics Con’d.

- International trade & finance
- Macroeconomic policy
- Money, Bank Runs, Financial Fragility

Aggregation: from microeconomics to macroeconomics
Figure 1: Output of the US since 1869
Figure 1: Output of the US since 1869

Note the decline in output in recessions; increase in output during some wars

Two main sources of growth

• Population growth (demography)
• Increases in average labor productivity
Average Labor Productivity (Y/L)

Output, Y, produced per unit of labor input, L

Figure 2 shows average labor productivity for the US since 1900
Figure 2: Average labor productivity in the United States, 1900-2008
Average Labor Productivity

Average labor productivity growth in the US:

• About 2.5% per year from 1949 to 1973
• 1.1% per year from 1973 to 1995
• 1.7% per year from 1995 to 2008
Definition:
Business cycle: Short-run contractions and expansions in economic activity

Downward phase is called a recession