University of Virginia

Department of Economics

Econ 3020-200   Instructor: C. Dylan McGee

Intermediate Macroeconomics   Email: cdm4nr@virginia.edu

Fall 2023   Office Hours in Monroe 211

M W 5 – 6:15   M W 12 -2 and Tues 3:30 – 5

Monroe 130   Zoom Hours Fri. 10 – 11 (by request)

Text: Macroeconomics by Abel, Bernanke, and Croushore 10th Edition 2020 (Inclusive Access)

(see the UVA Bookstore IA menu in Canvas to get to the e-book)

Course Description: Studies macroeconomic theory and policy; includes an analysis of the forces determining employment, income, and the price level. Prerequisite: ECON 2020 and 3010 or 3110, or instructor permission.

Course Objective: to gain an understanding of macroeconomic theory and its historical development as well as the policy implications of alternative modelling approaches.

Evaluation:

15% on participation and test preparation practice: this involves attendance in lecture and discussion **AND** actively working on the practice materials/problems/questions I provide. TAs will be confirming your efforts/engagement with the material in Tuesday discussions. Generally, a participation grade will be entered by TAs on each of the 11 "get credit" dates mentioned in the schedule below. In addition, there are 4 other items in this category. There is one short written response (400-500 words) based on a selected paper on more advanced modelling methods. It is due on 12/5. There is also one smaller written response to one of my lecture topics (in class writing that I will collect in late October or Early November). Finally, I have two gradebook entries for general lecture attendance and engagement (based on trends from each half of the semester, not every single day). So that makes 15 total items that are all weighted equally in this grading category. I will also drop the lowest score, so you can always offset one zero. The response paper will be based on optional papers shared through Canvas, and the requirement is to read and digest a significant portion of one paper: so that you can summarize and comment on its relevance (including your hunches and opinions about the merits/realism of the approaches). You also have some flexibility if you want to talk to me about a written response topic you want to explore. See the details in Canvas if you are curious.

45% on the Three Tests (15% each with dates and topics as shown in the schedule)

40% on the Final Exam (a comprehensive final) **12/15 from 2 -5**

The practice material and the problems/exercises we do in lecture are the guidance for what will be on the tests. So you will always have a good sense of what you are responsible for knowing. Test questions might be slight variations on the practice (obviously) but will be similar.

If you have one or two weak test scores you can replace them with your final exam score (i.e. switch weight to the final if it is stronger). So you could end up with as much as 70% determined by the final (but only if that helps). I am most interested in the final learning outcomes, so don't sweat about one bad test. If you miss one test, the zero will automatically be replaced by the final exam score. If you miss 2 tests for legitimate reasons, then I am willing to consider a make-up test on the 2nd one, or else you can just get both zeros replaced by your final exam score.

Course Outline:

Part One: Getting Started

Chapter 1 Introduction

Chapter 2 Measurement and Definitions

Part Two: Foundational Theory and the Long Run Perspective

Chapter 3 Productivity, Output, and Employment

Chapter 4 Consumption, Saving, and Investment

Chapter 5 Saving and Investment in an Open Economy

Chapter 6 Long Run Economic Growth

Chapter 7 Asset Markets, Money, and Prices

Part Three: Business Cycles, Models, and Policy

Chapter 8 Business Cycles

Chapter 9 The IS LM model with AS

Chapter 10 Classical Business Cycle Analysis

Chapter 11 Keynesian Macroeconomics

Part Four: More Perspective on Macroeconomic Policy

Chapter 12: Unemployment and Inflation

Chapter 13 Exchange Rates and Open-Economy Macro

Organization/Schedule of Lecture Topics and Activities:

Module One- First Lecture on Wednesday 8/23 about the Course and Chapter 1

   (No Discussion on 8/22 since it's before the first lecture)

Module Two- Lecture 8/28 and 8/30 on Chapter 2

   (Practice Material #1 on Chapters 1 and 2 to guide discussion—get credit by 8/29)

 Module Three- Lecture on 9/4 and 9/6 on chapter 3

   (Practice Material #2 on Chapter 3 to guide discussion—get credit by 9/5)

Module Four- Lecture on 9/11 and 9/13 on Chapter 4

   (Practice Material #3 on Chapter 4 to guide discussion—get credit by 9/12)

Module Five- Lecture on 9/18 on chapter 5 and **Test One on 9/20 (covering Chapters 1 - 5)**

   (Practice Material #4 on Chapter 5 AND/OR test review—get credit by 9/19)

Module Six- Lecture on 9/25 and 9/27 on Chapter 6

   (Practice Material #5 on Chapter 6 to guide discussion—get credit by 9/26)

No Class 10/2 and no discussion 10/3 (Reading days) then Switcheroo for Module Timing

Module Seven- Lectures on 10/4 and 10/9 on Chapter 7 and some historical methodology

   (Practice material #6 on Chapter 7 to guide discussion—get credit by 10/10)

Module Eight- Lecture on Chapter 8 on 10/11 then start chapter 9 on 10/16

   (Practice Material #7 on Chapter 8—get credit by 10/17)

Module Nine- Lectures on Chapter 9 on 10/18 and 10/23 and **Test Two on 10/25 (Chapters 6 -9)**

   (Practice Material #8 on Chapter 9 to guide discussion AND test review—get credit by 10/24)

Module Ten- Lectures on Chapter 10 **and** Inflation Targeting on 10/30, 11/1, AND 11/6

   Discussion is optional for students on 10/31 (TAs can start Chapter 10 help)

   No discussion on 11/7 (election day) **BUT** I will have OFFICE HOURS to help with Chapter 10

Module Eleven- Lectures on Chapter 11 on 11/8 and 11/13 and **Test Three on 11/15**

   (Practice Material #9 AND Test Review for modules 10 and 11—get credit by 11/14)

Module Twelve- Lecture on chapter 12 on 11/20 (some spillover to 11/27)

 (Practice Material #10 on chapter 12 to guide discussion—get credit by 11/21 option to submit later)

Module Thirteen- Lectures on 11/27, 11/29, and 12/4 on Chapter 13 and Overview/Review

   (Practice Material #11 on Open Economy Macro—get credit by 12/5)

   Short Written Response to a selected paper on either RBC or DSGE (or Romer's Paper) Due 12/5

Final Exam- Friday, December 15ᵗʰ 2:00 – 5:00

General Comments:

It is important to gain perspective on the historical development of Macro. The same goes for relating the material to current events and political economy issues. That stuff is fun/interesting, but it is also the portion of the material where students often feel uncertain about how much of my lecture is pertinent for tests. For that reason, I will include questions in the practice materials to put people more at ease about the set of concepts and questions you are responsible for knowing. In addition, there are times when I will go a bit beyond what's in the book to illustrate some features of common modelling methods. At times the supplemental topics will be fair game on a test, but you will know whether or not it is by referring to the test practice material and concepts listed near the end of my PowerPoint slides. Within the set of practice material shared, there is usually a subset that is worked on in lecture (either with a handout or based on problems on a PPT slide). That stuff which we work on in lecture and I mention in the practice material is generally the most pertinent and most likely to be on your tests. When it comes to the comprehensive final exam, I will give more specific guidance about what is fair game (since all practice material sets from the entire semester would be inordinately voluminous and provoke a mutiny).

Note on the 11 Practice Material Sets (of problems and potential questions for tests):

The TAs will use their discretion (as well as your feedback/requests) to decide which stuff gets covered in discussion. TAs will also communicate their standard for documenting your engagement to get full credit on each of the 11 sets of test preparation material. I generally expect reasonable effort, but not comprehensive completion of all questions and problems. I am also encouraging TAs to require a somewhat greater degree of practice material completion for any student who misses the corresponding discussion. For those students who attend discussions, I am telling TAs to give full participation credit by confirming that the student is tuned-in to discussion and/or working on the problems during discussion. The TA should be circulating and giving each student a check mark for credit/effort toward the end of each discussion (and then entering 100% for that practice material set in the Canvas grade-book). If the TA notices someone being significantly late or un-engaged, then the TA should communicate the need for a bit more completion (and might enter a 0 or a partial credit amount until the student does a bit more of the work). I know that most students will be highly motivated to do the work as test preparation, but I want TAs to give a gentle nudge when needed and be aware of students who need to catch up after being out sick.

I will include the sets of practice material within PPT files that I make available (and use as an anchor/outline for my lectures).