Economics 30020: Intermediate Macroeconomic Theory
Fall 2013
The University of Notre Dame du Lac

Times and Locations:
Section 01: Tuesday and Thursday, 9:30 – 10:45, DeBartolo 213
Section 02: Tuesday and Thursday, 11:00 – 12:15, DeBartolo 213

Instructor:
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Course Overview:
This is a course in intermediate macroeconomic theory. Macroeconomics is concerned with the behavior of the economy as a whole. In the course we will be examining macroeconomic data and studying models designed to help us understand those data. We will pay special attention to the role of policymakers in shaping macroeconomic outcomes, and will also take a close look at the recent financial crisis and ensuing recession. A detailed description of topics is available in the course outline at the end of the syllabus.

The course presumes knowledge of both micro and macro at the principles level, as well as elementary differential calculus and high school level algebra. It is helpful, though not necessary, to have taken intermediate micro. You should also be comfortable with a spreadsheet program like Microsoft Excel.

Exams and Grading:
There will be two midterm exams and a final. The dates for the midterms are Thursday, September 26 and Thursday, November 7. Both of these exams will be administered from 8:00 – 9:15 am to both sections simultaneously. The location for these exams will be determined at a later date. These dates are official university “departmental exams” and take precedence over other commitments. Class will be held at the regularly scheduled times on both of those days.

The final exam will be held on Tuesday, December 17 from 1:45 – 3:45 pm. The final will be administered to both sections simultaneously, and will be held in a location to be determined. Should you have valid, University-approved conflict with any of these exam times, consult with me at least a week ahead of an exam date to make alternative arrangements in accord with University guidelines.

Each midterm exam will count 25 percent of your course grade. The final exam will count for 30 percent of your course grade and will be cumulative. The remaining 20 percent of your course grade will come from graded homework. There will be ten problem sets assigned
throughout the semester. These will all be collected for a grade, each contributing 2 percent to your overall homework grade. Late homework assignments will not be accepted for credit without a valid excuse.

You may work in groups of up to four students on the homework assignments. If you work in a group, you can turn in one assignment, but please make sure that the names of all group members legibly appear on the first page of the assignment. The groups may be comprised of students from either of the two sections I am teaching.

**Textbook and Readings:**
There is no required textbook for the course. The main content for the course is covered in my lectures. Through my personal website you will have access to .pdf documents containing my detailed, typed course notes. These notes have something of the flavor of a textbook. In addition, I will also make available .pdf version of the slides that I make use of during lecture. Neither the slides nor written notes should be considered a substitute for attending class.

In the past I have required the textbook *Macroeconomics* by Stephen Williamson. The structure and content of this text is as close to the content of the course as any other commercially available book. That being said, I prefer to present some of the material in a different fashion and with different notation. After two years of experimentation I decided that closely following the book was more of a hassle than a benefit. Hence I officially recommend that you purchase the textbook, and I will point out where in the textbook we are at any given point in time, but my goal is for the course to be self-contained. If you do choose to purchase the book, I would recommend looking for a used copy or a previous edition. Any of the editions are fine.

Other readings may be assigned over the course of the semester. These readings will be online and will be emailed to you.

**Attendance:**
There is no formal attendance policy. Because of limited space in the classrooms, I do ask that you attend the lecture of the section to which you are assigned.

**Course Website:**
In the past I have maintained a course website through the Concoure system. Alas, Concourse is no more. This year I will be posting course material to the “Intermediate Macro: Fall 2013” page available through my personal website. The syllabus, assignments, and links to additional readings can be accessed there. I will be emailing problem set and exam solutions via the class listserv. The url for the course website is [http://www3.nd.edu/~esims1/int_macro_13.html](http://www3.nd.edu/~esims1/int_macro_13.html). You can access this by going to my homepage [http://www3.nd.edu/~esims1/](http://www3.nd.edu/~esims1/) (which you can access via the departmental webpage), clicking on “Courses,” and then clicking on the link associated with “Intermediate Macroeconomics, Fall 2013.”

**Important Dates:**
Please make note of the following important days:

Aug. 27: first day of class
September 5: Homework #1 due
September 12: Homework #2 due
September 19: Homework #3 due
September 26: Midterm Exam #1
October 3: Homework #4 due
October 10: Homework #5 due
October 17: Homework #6 due
October 22 and 24: Fall break, no class
October 31: Homework #7 due
November 7: Midterm Exam #2
November 14: Homework #8 due
November 21: Homework #9 due
November 28: Thanksgiving, no class
December 10: Homework #10 due (note a Tuesday, not Thursday)
December 17: Final exam

Office Hours:
I will hold two sets of regularly scheduled office hours. The first will be on Tuesday evenings, from 8:30-10:30 pm in a room (to be scheduled) in DeBartalo Hall. In the past students have found it helpful to come in large groups to go through questions concerning problem sets, which will typically be due on Thursdays. I figure that 8:30-10:30 is open for most students, and it meshes well with my fatherly duties at home. The rooms in DeBartalo can accommodate many students at once.

In addition, I will hold another office hour on Thursdays from 4:00-5:00 pm in my office, Flanner 710. There will be no office hours held during the first week of classes. In addition to regularly scheduled office hours, I am also available for lunch and discussion at 12:30 on Tuesdays and Thursdays in South Dining Hall. I enjoy getting to know students, and in a perfect world would go to lunch with everyone, either individually or in small groups, over the course of the semester. If you’d like to go to lunch, either email me in advance or contact me after class.

The best way to communicate with me is via email. Please include “Intermediate Macro” in the subject of the email. I will do my best to get back to you within 24 hours.

Course Outline (tentative and subject to revision):

(1) Introduction
   a. Math Review
   b. Basic economic concepts
   c. National Income and Products Accounts

(2) Economic Growth
   a. Stylized facts
   b. Solow growth model
(3) Households
   a. Consumption
   b. Equilibrium
   c. Labor supply

(4) Firms
   a. Production Function
   b. Labor demand
   c. Investment demand

(5) Neoclassical Business Cycle Models
   a. Equilibrium
   b. Money and prices
   c. Neutrality and the classical dichotomy
   d. Lucas misperceptions

(6) Unemployment
   a. Search
   b. Efficiency Wages

(7) Keynesian Models
   a. “Old” Keynesian Models
      i. Sticky wages
      ii. IS/LM
      iii. AD/AS
   b. “New” Keynesian Models
      i. Sticky prices
   c. Dynamic “New” Keynesian Models
      i. Phillips Curve
      ii. Taylor Rule
      iii. Dynamic AD/AS
      iv. Policy tradeoffs
      v. Liquidity Trap

   a. Basic topics in finance
   b. Asset pricing and leverage
   c. Moral hazard and bailouts

(9) International Macro
   a. Small open economy
   b. Trade balance and foreign exchange
   c. The European sovereign debt crisis