Economics 30020: Intermediate Macroeconomic Theory  
Fall 2015  
The University of Notre Dame du Lac

Times and Locations:  
Section 01: Monday and Wednesday, 11:00 – 12:15, DeBartolo 117  
Section 02: Monday and Wednesday, 9:30 – 10:45, DeBartolo 117

Instructor:  
Professor Eric Sims  
710 Flanner Hall  
esims1@nd.edu  
(574) 631-6309  
http://www.nd.edu/~esims1/  
Office hours:  Monday, 5:00-6:15, Flanner 424  
Wednesday, 2:00-3:20, Flanner 710

Course Overview:  
This is a course in macroeconomic theory at the intermediate level. 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 Tuesday, September 29 and Tuesday, November 10. 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. The Fall departmental exam schedule can be found on the Registrar’s page at:  
http://registrar.nd.edu/pdf/DEFall.pdf.

The final exam will be held on Thursday, 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. The final exam schedule for fall classes can also be found on the Registrar's page at:  
http://registrar.nd.edu/pdf/FEFall.pdf. Should you have a 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. Failure to resolve exam conflicts at least a week in advance may mean that no alternative arrangements will be available.
I will hold additional office hours and will host a review session prior to each exam. In addition, I will provide you with copies of old exams as well as review questions to assist you in your studying. I will provide you with typed solutions to the old exams but will not provide solutions for the extra review questions, though I am happy to discuss them or work through them in office hours or in the review session.

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 problem set therefore accounts for 2% of your overall course grade. Late homework assignments will not be accepted for credit without a valid excuse. The problem sets are graded on a check plus, check, check minus scale, where check plus is 100%, check is 75%, and check minus is 50%. I will provide detailed, typed solutions to all problem sets after they have been turned in.

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. I will post the lecture notes to my personal website as we go through the semester.

In the past I have required the textbook Macroeconomics by Stephen Williamson. The structure and content of this text is relatively close to the content of the course. 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.

In addition the problem sets, I will provide extra “practice problems” which are meant to go along with the course material we are covering at a given point in time. It is not mandatory to do these practice problems and they will not be collected for a grade, but are provided to you as an additional learning resource. I will not provide typed solutions to the additional practice problems but am happy to discuss them and work through them in office hours.
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. For special circumstances (e.g. an interview), you can attend an alternate section without permission as long as space permits, but please do not make a habit out of this.

Course Website:
All course materials will be available through my personal webpage on the page titled “Int. Macro 2015.” 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_15.html. You can access this by going to my homepage http://www3.nd.edu/~esims1/ (which you can access via the departmental webpage, http://economics.nd.edu/, and going to “Faculty”), clicking on “Courses,” and then clicking on the link associated with “Intermediate Macroeconomics, Fall 2015.”

Teaching Assistants:
There will be three undergraduate teaching assistants helping out with the course this semester: Alex Robinson (Alexander.G.Robinson.141@nd.edu), Andrew Scruggs (ascruggs@nd.edu), and Anthony Maley (amaley@nd.edu). They will each hold one office hour per week: Andrew on Sundays from 7-8 pm in DeBartalo 117, Anthony on Mondays from 9-10 pm in DeBartalo 117, and Alex on Tuesdays from 9-10 pm in DeBartalo 116. The TAs will also hold extended office hours prior to exams. Alex, Andrew, and Anthony have all taken this course and excelled. I hope that you will take advantage of their help.

You should try to reserve any questions for them for the regularly scheduled office hours. Emails with questions about the course and other logistical details should be directed to me.

Office Hours:
I will hold two sets of regularly scheduled office hours. The first will be from 5-6:15 pm on Mondays. This office hour will be held in one of the conference rooms on the 4th floor of Flanner (room 424). 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 Wednesdays. The conference rooms in Flanner can accommodate many more students than my own office.

In addition, I will hold another office hour on Wednesdays from 2:00-3:20 pm in my office, Flanner 710. There will be no office hours held during the first week of classes. Office hours will begin on Monday August 31. In addition to regularly scheduled office hours, I am also available for lunch and discussion at 12:30 on Mondays and Wednesdays 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. Please do not be shy about asking me to join you for lunch. I want to get to you know better outside of class. If you are unable on Mondays and Wednesdays I am also available for lunch on other days of the week at either North or South Dining Halls.

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.
Important Dates:
Both the midterm exams are on Tuesdays, and all the problem sets are due on Wednesdays at the beginning of class. Please make note of the following important days:

Aug. 26: first day of class
September 2: Homework #1 due
September 9: Homework #2 due
September 16: Homework #3 due
September 23: Homework #4 due
September 29: Midterm Exam #1, 8:00-9:15 AM
October 7: Homework #5 due
October 14: Homework #6 due
October 19 and 21: Fall break, no class
November 4: Homework #7 due
November 10: Midterm Exam #2, 8:00-9:15 AM
November 18: Homework #8 due
November 25: Thanksgiving, no class
December 2: Homework #9 due
December 9: Homework #10 due, last day of class
December 17: Final exam, 1:45-3:45 PM

Course Outline (tentative and subject to revision):

(1) Introduction (approximately 2 lectures)
   a. Math Review
   b. Basic economic concepts
   c. National Income and Products Accounts

(2) Economic Growth (approximately 4 lectures)
   a. Stylized facts
   b. Solow growth model
   c. Cross-country differences in standards of living

(3) Consumption (approximately 6 lectures)
   a. Two period consumption-saving problem
   b. Life cycle permanent income hypothesis
   c. Empirical evidence
   d. Equilibrium

(4) Neoclassical Business Cycle Models (approximately 6 lectures)
   a. Labor demand
   b. Investment demand
   c. Labor supply
   d. Equilibrium
   e. Real Business Cycle model
   f. Efficiency and activist policies
g. Money and prices  
h. Neutrality and the classical dichotomy

(5) Keynesian Models (approximately 8 lectures)  
a. IS-LM-AD curves  
b. Sticky wage AS  
c. Sticky price AS  
d. Comparison to neoclassical models  
e. Optimal monetary policy  
f. Policy tradeoffs  
g. Liquidity trap

(6) The Financial Crisis and Great Recession: 2007-2009 (approximately 2 lectures)  
a. Basic topics in finance  
b. Asset pricing and leverage  
c. Moral hazard and bailouts  
d. Non-standard policy responses