

University of Virginia
Department of Economics

Econ 3020

Instructor: C Dylan McGee

Intermediate Macroeconomics

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Fall 2021

Office hours in Monroe 219

T TH 11:00 – 12:15

8:30 – 9:30 12:45 – 1:45 T TH

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

(see the UVA Bookstore IA menu in collab 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: 30% on quizzes, 30% on Midterm, and 30% on a comprehensive Final Exam. There will also be 10% on attendance, which will encompass lecture and discussions (I will use short in-class questions, problems, or mini-writing assignments to establish a record of attendance and engagement*). I will also give practice problems or questions to help you know what to expect on quizzes and exams (often from the back of the textbook chapters). The teaching assistants will work on practice questions and help you with main concepts in the discussion sections. You will not lose attendance points for missing up to 3 meetings, but after that it will diminish your attendance score. For example, if you miss 2 discussions and 2 lectures then you will get 2 pts off your attendance average.

*POPSTAR cameo system for attendance (problem or paragraph shows taking active role)

This will force me to give you some active work (since 75 minutes is too long to lecture)

Stand up or hold up work when I call roll- Gaga glasses optional (should match mask?)

I would collect them with autographs, but the delta variant makes a daily paper shuffle ill-advised

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, Savings, and Investment
- Chapter 5 Savings 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 and Institutions

- Chapter 12: Unemployment and Inflation
- Chapter 13 Exchange Rates and Open-Economy Macro
- Chapter 14 Monetary Policy and The Fed (level of detail will depend on time)
- Chapter 15 Fiscal Policy (level of detail will depend on time)

Comprehensive Final Exam on Monday 12/13 9 am – noon

Tentative Quiz Dates: Tues 9/7 Tues 9/21 Tues 10/5 Tues 11/2 Tues 11/16 Th 12/2

I will try to stick with the every-other-Tuesday plan for quizzes (until the last quiz) so that discussion sections on Thursdays occur when you know what to practice and review for the upcoming quiz

It's my first time using this text so I will be fine tuning the material timing as we proceed, but you will always be told which material is on the upcoming quiz at the preceding lecture

There are no quiz make-ups aside from the option mentioned on the last page of the syllabus.

Midterm Date: Tuesday 10/19

Make-Up Option for one Missed/Low Quiz AND Some Absences (good idea to do this!!)

You have the option to do a current events (or schools of thought or academic article summary) essay if you miss a quiz or have a low quiz. I will replace the 0% quiz (or else the lowest quiz) with a 100% which can really help your average. This will also make up for a limited number of absences. I will take off 2 points, from your attendance average, for every missed meeting (that includes lecture and discussions) but I will allow you to make up for up to five of them by doing the paper. That means a 90% attendance average will jump to 100%, but I will not boost attendance beyond 100%. You get both those benefits from one paper, so I recommend doing this. You will submit this in collab if you do it (**Due by 12/7**), and there will be an originality software check (so don't cut corners and turn this grade boost into a plagiarism penalty!). The paper/essay should be at least 1000 words, and I am mostly interested in you summarizing and reflecting on ideas and issues, so I'm not concerned about style and formatting (or even grammar). Just learn something about macro based on your own interest and write about it in your own words.

FYI- I will share some examples of potential academic papers or current event topics you could read about and write about when we get midway thru the course (via a Collab announcement). Two initial examples/suggestions of good ideas/theories to explore are:

<https://www.ineteconomics.org/uploads/downloads/Korinek-DSGE-Macro-Essay.pdf>

This link is to a draft of a paper by one of my colleagues (Anton Korinek) if you are interested in DSGE modelling (with the added perk of a cartoon at the end).

Or

https://eml.berkeley.edu/~dromer/papers/JEP_Spring00.pdf

This paper by David Romer explains an alternative approach to the IS LM model, which some modern texts use instead of IS LM (for example, the Hubbard and O'Brien text that Professor Westerfield uses for her Econ 3020 course).

Comments on the History of Macroeconomic Theory and the Organization of the Course:

The history of macroeconomics is defined by a transition from the classical perspective to the Keynesian revolution of the 1930s. Then, during the mid to late 20th century, there were many schools of thought extending the Keynesian approach or reviving newer variations of the old classical perspective. We will discuss many such schools of thought. For example, the monetarist view of macro (associated with Milton Friedman) was central to some of the debates about the IS/LM framework in chapter 9, and monetarism was also central to the topic of the Phillips Curve in chapter 12. Given the current speculation about whether elevated inflation will persist beyond 2021, this historical and theoretical background is as relevant as ever. For the record, I am the kind of economist who motivates that old Harry Truman line (ascribed to Truman anyway) about wanting to hire a one-armed economist. I think there is about a 50% chance that supply constraints will work out and inflation will come down in 2022 and a 50% chance that monetary and fiscal stimulus will cause a dangerous persistence of inflation (so that interest rates rise a lot in 2022 and create some budget problems). In any case, I will try to contextualize theory within historical perspective as we proceed through the semester.

