

Econ 3123 - Winter 2024 - Intermediate Macroeconomic Theory II
BAC 135 - 10:30-11:20am MWF

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Office Hours: 9:30-11am, Tuesdays and Thursdays, or by appointment, BAC 339/340.

Prerequisite: ECON 2113, ECON 2213, MATH 1613 or equivalent. This course will embrace the use of basic calculus to make our lives easier, and students are expected to bring knowledge of differential calculus with them into the course. It will also draw on tools from previous courses on micro and macro theory.

Textbook: Garin, Lester, and Sims (GLS). Intermediate Macroeconomics, https://www3.nd.edu/~esims1/GLS_may_2021.pdf. This is a high-quality free textbook that I strongly recommend. I will follow it closely.

Course Description: “A macroeconomic analysis of the national economic operation including a consideration of macroeconomic dynamics, inflation business cycles, the control of the national economy and its related public policies.”

This description is somewhat dated, and I present detail below. The idea of the course is to bring you to the point where, if you so choose, you could handle macroeconomic studies at the graduate level, and to expose you, to the extent possible, to modern macroeconomic thinking.

Topics Covered: This serves as a rough plan of attack for the course. Progression will be determined in part by student interest and discussion.

We start by briefly reviewing some topics from intermediate macro I. Then we dive into the study of what economists call microfoundations - where do these equations that form our models come from, and is the boots-on-the-ground behavior they allege to describe reasonable? Why is it important to model the behaviour of economic agents directly instead of just aggregate outcomes?

We then return to the models and extend both our flexible-prices neoclassical framework and our sticky-prices Keynesian framework with an international trade sector. This allows us to discuss things like the EU, monetary and fiscal unions, exchange rate dynamics, etc.

We then finish the course by turning our attention to the financial sector. As time permits, we will cover the guts of banking, try to understand asset pricing, and then look at folding financial frictions into a macroeconomic model. If we somehow have extra time at the end of the semester, we might tackle further material - e.g. monopolistic competition models, quantitative methods, macroeconomics of the pandemic, or optimal taxation.

The corresponding chapters of the textbook are laid out below.

Text (GLS)	Topic	Week
Ch. 18-19, 24-25	Review of neoclassical and sticky-price models and history	1
Ch. 9-11	Microfoundations of consumption	2-3
Ch. 12	Microfoundations of production	4
Ch. 13	Fiscal microfoundations	5
Ch. 23	The open economy neoclassical model	6
Ch. 30	The open economy New Keynesian model	7
Ch. 31-33	Money, banking, and macroeconomics	8-9
Ch. 34-35	Asset prices and macroeconomics	10-11
Ch. 36-37	Financial considerations and crises in macroeconomics	12-13

Grading:

- Assignments: 10%
- Test 1: 17.5%
- Test 2: 17.5%
- Paper: 10% (see below)
- Paper 2: 5% (optional)
- Final: 45%
- Class participation: 3%

Group work on assignments is fine - pass in one copy per group, max of three people. The final will be comprehensive. If it is to your benefit, at the end of the semester 10 percentage points will be automatically shifted from your lowest-scoring midterm to the final exam, making the final worth 55%. If your final grade is higher than the term weighted average, you will receive the final grade directly, to a maximum of 85%.

Paper: The paper for this course is a report reviewing a major paper in macroeconomics. I will provide a selection of accessible, important academic journal articles. Select one you find interesting and review it within 1000 words. Do you understand it? Do you buy the argument? Is it related to our course? Students wishing to do so can write a second paper on a different article.

Note that Acadia has changed grading systems starting in Fall 2019, leaving it up to individual instructors to decide what letter grades mean. I view one of the key roles in a grading system as

providing a clear understanding of what you've achieved and accomplished. This means both within Acadia, but also externally. The grade system below is, from my research, the most commonly adopted one in Canada, and hence what I will use for this course.

A+: 90%+	A: 85%-89%	A-: 80%-84%
B+: 77%-79%	B: 73%-76%	B-: 70%-72%
C+: 67%-69%	C: 63%-66%	C-: 60-62%
D+: 57-59%	D: 53-56%	D-: 50-52%
F: ≤50%		

Note that I no longer report numerical grades to the registrar. Your university record will only contain a letter grade.

Disabilities and Accessible Learning: If you are a student with documentation for accommodations who anticipates needing supports or accommodations, please contact Accessible Learning Services in Rhodes Hall, accessible.learning@acadiau.ca.

Academic Integrity: Academic integrity is the responsibility of every student. Infractions devalue your own experience, your future prospects, your reputation and that of your peers. Violations of academic integrity may result in significant penalties.

In-class Technology Policy: For those students who intend to bring and use technology in the classroom for non-academic reasons, I strongly encourage you to keep the welfare of your fellow students in mind. Academic literature studying the use of phones, tablets, and laptops in the classroom has found negative effects on students distracted by the technology of others. I reserve the right to prohibit technology when it is consistently putting costs onto others.

Important Dates:

- Jan. 8 - Winter courses begin.
- Jan. 17 - Last day to add/change course sections without a W.
- Feb. 9 - Test 1.
- Feb. 19-23 - Winter study break. No classes.
- Mar. 8 - Last day to drop fall courses and receive a W.
- Mar. 18 - Test 2.
- Apr. 5 - End of classes.