

ECON 303: Intermediate Macroeconomics

University of Illinois at Urbana-Champaign
College of Liberal Arts & Sciences
Department of Economics

Instructor: Eric McDermott
223 Gregory Hall

Spring 2018
M,W 12:30-1:50pm

Communication:

Office: DKH 29

Office Phone: Use Email

E-mail: emcd@illinois.edu

Office Hours: Tuesday 10:00-12:00 and by appointment

TA Office Hours: All held in DKH 15*** (Discussion sections Fridays)

TA	Email	Office hours
Sebastian Laumer:	laumer2@illinois.edu	TBA

Course Website:

<https://compass.illinois.edu>

I will send all updates via emails through this site so please be sure you are receiving them. You will be able to retrieve your grades through this and I will post homework assignments here as well.

Student questions platform (Piazza):

If you have questions that are specific to you, I encourage you to contact me directly. Most questions that arise throughout the semester though are ones that apply to many students. In order for all students to benefit from a response that I give, I request that those types of questions be posted to Piazza. This is a message board in which students can post course-related questions (anonymously to

your classmates if you wish). There are two links to Piazza that you may need. One is for registering for the class (depending on whether you've used it before) and the other is for accessing it thereafter. The links for this are included in Compass and they are as follows:

piazza.com/illinois/spring2018/econ303 (SIGN UP ONLY)

<http://piazza.com/illinois/spring2018/econ303/home> (REGULAR ACCESS)

Course Description:

This course provides an overview of the tools of modern macroeconomic theory. Students will gain an understanding of these tools as well as what their limits are and how they can be applied to policy issues.

Course Objectives:

- Students will be “economically literate” and fully able to engage in policy discussions related to the economy.
- Students will have a thorough understanding of the collection of models and tools that are the basis for modern macroeconomic theory.
- Students will be able to understand the differing effects policies can have on different people throughout the distribution and when policy decisions can and cannot be objectively said to be optimal.
- Students will be able to explain the difference between Monetarist and New Keynesian perspectives and what each implies for policy.

Required Texts and Related Materials:

The main text for the course is *Macroeconomics* by Barro. It leaves out most of the mathematical tools required of an intermediate course so we will use a (free) supplement created by Doepke, Lehnert, and Sellgren, which you can find and download on Doepke’s website.

(optional, ANY VERSION) Barro, Robert J. *Macroeconomics*. MIT PRESS.

ONLINE TEXT <http://faculty.wcas.northwestern.edu/~mdo738/book.htm>

Course Grade:

Midterm 1	25%	Monday, February 26
Midterm 2	25%	Monday, April 16
Final Exam	25%	TBD
Homework	15%	
Pre-topic quizzes	5%	
Pre-topic hypotheses	2.5% (submission)	
Pre-topic hypotheses	2.5% (grading)	

Plus/Minus Grade Cutoffs

A+ ≥ 97	B+ ≥ 87	C+ ≥ 77	D+ ≥ 67	60 > F
97 > A ≥ 92	87 > B ≥ 82	77 > C ≥ 72	67 > D ≥ 62	
92 > A- ≥ 90	82 > B- ≥ 80	72 > C- ≥ 70	62 > D- ≥ 60	

Assessment Policies

Exam Policy:

There will be three exams (two midterms and a final) given during the semester. Each midterm will cover only the material since the previous midterm. The Final Exam will be comprehensive (cumulative), however.

The following materials are allowed for use during the exam: scientific calculator. There are to be no programmable calculators, books, papers other than the exam itself, cell-phones or other items that connect to the internet used during the exam. Students found to be using unapproved items are in violation of the Academic Integrity policy of the University and will be subject to disciplinary action.

Homework:

There will be five (6) homework assignments throughout the semester. I would like you to work with others but complete and write up your own solutions. This must be done neatly. **I reserve the right to take off partial or complete credit for assignments that I do not consider to be legible. The same applies to those that are not stapled and turned in properly (frayed notebook edges should not be turned in).**

Pre-topic quizzes:

There will be 5 pre-topic quizzes, one for each topic (outside of the math preliminaries). These are intended to be relatively simple questions to ensure that all students come prepared to participate in lecture.

Pre-topic hypotheses:

There will be 5 pre-lecture hypothesis assignments, one for each topic (outside of the math preliminaries). These are intended to teach you how to think like an economist. Economists follow the scientific method so students are asked to develop hypotheses on topics that are assigned to them. The first two steps in the scientific method are to make an observation and form a question. I will give some guidance on these and then you will take the next step of forming a hypothesis. You will also be asked to evaluate the submissions of other students in a small group they will be assigned to. That deadline will be 48 hours after the submission deadline.

Important Dates:

Deadline to Add:

Deadline to Drop:

Final Exam: TBD

Final Exam Conflict Policy:

From the University's final exam policy:

- Any student having more than two consecutive final examinations is entitled to rescheduling as follows if he or she takes the following action no later than the last day of classes:
 - The student must investigate whether a conflict examination is being held at another time for any of the examinations involved.
 - If a conflict examination has been scheduled for any of the courses, the student must take one or more of these conflict examinations. If conflict examinations are offered for more than one course, the student must take the conflict for the course that has the largest number of students.
 - If no conflict examinations have been scheduled, the student must contact the instructor of the course having the largest number of students. The contact must be made no later than the last day of classes, and that instructor must provide a makeup examination.
 - Normally in a semester several combined-sections, conflict, and non-combined examinations are given at the same time. As a guide to resolving conflicts, an order of priority has been established within each examination period, and a student should resolve a conflict using the published examination schedules and the following priority guidelines.
 - National and state professional examinations (e.g., CPA, actuarial science, Architecture Registration Examination) take priority over campus final examinations. An instructor must offer a conflict examination to a student scheduled to take a national or state professional examination and a campus final examination at the same time.
 - A non-combined course examination has precedence over any combined-sections or conflict examination.
 - A department offering a combined-sections final examination must provide a conflict examination if required to accommodate student conflicts.

The University's final exam policy is available at:

http://studentcode.illinois.edu/article3_part2_3-201.html

Emergency Response Recommendations:

The university maintains guidelines for emergency responses. A list of recommendations when to evacuate and when to find shelter are available at:

http://illinois.edu/cms/2251/general_emergency_response_recommendations_8_16_13_final.docx

Floor plans for specific buildings are available at:

<http://police.illinois.edu/emergencyplanning/floorplans/>

Statement on Accommodations:

To obtain disability-related academic adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the Disability Resources Educational Services (DRES) as soon as possible. To contact DRES you may visit 1207 S. Oak Street, Champaign, call 333-4603 (V/TTY), or email a message to disability@uiuc.edu

Academic Integrity:

"The University has the responsibility for maintaining academic integrity so as to protect the quality of education and research on our campus and to protect those who depend upon our integrity.

Expectations of Students. It is the responsibility of each student to refrain from infractions of academic integrity, from conduct that may lead to suspicion of such infractions, and from conduct that aids others in such infractions. Students have been given notice of this Part by virtue of its publication. Regardless of whether a student has actually read this Part, a student is charged with knowledge of it. Ignorance is not a defense."

The University's full academic integrity policy is available at:

http://studentcode.illinois.edu/article1_part4_1-401.html

Semester Schedule: *Subject to change, due dates to be added

**** All textbook chapter references refer to both texts unless otherwise specified.**

***** DLS refers to *Macroeconomics* by Doepke, Lehnert, and Sellgren.**

****** You are expected to do all readings in advance of lecture.**

TOPIC 1: Math preliminaries

Lecture 1: Wednesday, January 17 Chapter 1 (Barro), Intro, Math primer

Lecture 2: Monday, January 22: Chapter 1 (DLS): Math Preliminaries

TOPIC 2: Economic measurement

Tuesday, January 23: Pre-topic reading quiz due 11:59pm

Lecture 3: Wednesday, January 24:

Lecture 4: Monday, January 29: (HW 1 due)

Lecture 5: Wednesday, January 31:

Lecture 6: Monday, February 5:

TOPIC 3: Solow Model and calibration

Tuesday, February 6: Pre-topic reading quiz due 11:59pm

Lecture 7: Wednesday, February 7: (HW 2 due)

Lecture 8: Monday, February 12:

Lecture 9: Wednesday, February 14:

Lecture 10: Monday, February 19: (HW 3 due)

Lecture 11: Wednesday, February 21:

MIDTERM 1: Monday, February 26 (during regular class time)

Lecture 12: Wednesday, February 28:

TOPIC 4: Monetarists, New Keynesians and the financial crisis
Tuesday, February 6: Pre-topic reading quiz due 11:59pm

Lecture 13: Monday, March 5:

Lecture 14: Wednesday, March 7:

Lecture 15: Monday, March 12:

Lecture 16: Wednesday, March 14: (HW 4 due)

SPRING BREAK

Lecture 17: Monday, March 26:

Lecture 18: Wednesday, March 28:

TOPIC 5: Central bank portfolios and a new era for the Fed
Sunday, April 1: Pre-topic reading quiz due 11:59pm

Lecture 19: Monday, April 2:

Lecture 20: Wednesday April 4:

Lecture 21: Monday, April 9: (HW 5 due)

Lecture 22: Wednesday, April 11:

MIDTERM 2: Monday, April 16 (during regular class time)

TOPIC 6: Bond markets and a model of banking

Tuesday, April 17: Pre-topic reading quiz due 11:59pm

Lecture 23: Wednesday, April 18:

Lecture 24: Monday, April 23:

Lecture 25: Wednesday, April 25:

Lecture 26: Monday, April 30: (HW 6 due)

Lecture 27: Wednesday, May 2:

Final exam: TBA