

## **ECON 207: Intermediate Macroeconomics**

### **Logistics:**

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I will respond to emails within 24 hours during the week.

Class Time: MWF 9:00 am – 9:50 am; 10:00 am – 10:50 am<sup>1</sup>

Office Hours: Monday and Wednesday 2:00-3:30 pm, by appointment; I will hold extra office hours leading up to exams.

### **Course Description:**

Economics 207 is an intermediate course in macroeconomics. This course is designed to introduce more formal tools of macroeconomic analysis. Examples of issues covered by the course include inflation, unemployment, monetary and fiscal policy, and economic growth. We will give increasing emphasis to a general equilibrium and a dynamic approach to macroeconomics as the course evolves.

### **Prerequisites:**

Economics 150 and Math 111 or 112 are required for this course. You must have these prerequisites completed successfully *before* taking this course. You should be comfortable with calculus, especially differentiation. I recommend working through the Mathematical Appendix (Appendix A) in the textbook for a refresher on these topics.

### **Text:**

*Intermediate Macroeconomics* by Julio Garín, Robert Lester, and Eric Sims (GLS) is the text for this course. The text is not available in print, but the authors have graciously made the text available to students and instructors at no cost at the following link:

[https://www3.nd.edu/~esims1/gls\\_int\\_macro.pdf](https://www3.nd.edu/~esims1/gls_int_macro.pdf)

This text is a work in progress and the authors are always looking for feedback. If you find typos or errors in the text, please bring them to my attention for bonus points!

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<sup>1</sup> While there are two sections of this class, you are expected to attend class and take exams with your own section.

## **Course Requirements:**

There will be two midterms and one final. Exam dates are given in the calendar below. There will be no makeup exams for the midterms. If you miss a midterm due to documented special circumstances (i.e. illness), its grade weight will be shifted to the final exam. You are responsible for material covered in lecture as well as the assigned readings.

Additionally, you are required to respond to one “Question for Review” before each class unless otherwise noted in the syllabus. You will provide answers to these questions in Google Classroom.

Per the Office of the University Registrar, final exams will be administered on the following days, unless you provide documentation that you have more than two exams in a 24-hour period. Due to space restrictions, you must sit the final with your own section of the course.

9:00 AM Class: Tuesday, December 11 at 9:00 AM

10:00 AM Class: Friday, December 15 at 9:00 AM

## **Practice Problems:**

Practice problems and answers for all content are available on the course website. You are strongly encouraged to complete all problems, but these will not be collected or graded.

## **Expectations of Work:**

You will be the most successful in this course if you do the following:

1. Arrive at class each day having completed the required reading for the day. You should be comfortable with the Summary and Key Terms at the end of each GLS chapter and have considered the Questions for Review (you will have to answer one of these for the Discussion Question anyways).
2. Review lecture notes before the next class. I recommend the two-notebook system. Take class notes in one notebook and then copy them into another notebook and work through any “at-home” exercises from lecture in the second. Copying your notes a second time gives you a chance to review the material immediately and figure out what you don’t understand. This is a great time to make note of questions you’d like to bring up in the next class. The notes you copy at home will also likely be much neater than your lecture notes, hopefully making them more useful in preparing for exams.
3. Should you need to come to office hours, arrive having attempted to find a solution yourself and with well-formulated questions. I will be better able to help you if you have

specific questions. Formulating questions and articulating what it is that you don't understand is a great way to study.

4. Work through problem sets and graphs. I encourage you to work through them with the book and your notes as much as you need, but to work through them without the book as well.
5. Put in *at least* 2 hours of independent study for each hour of class time.

One additional rule: While you may use laptops or tablets to take notes or reference the textbook I ask that you please do not use your phones during class and do not use text or messaging features on your other electronics. Please also avoid use of websites unrelated to the class – these can be very distracting to others in the class.

### **Grading:**

Two midterms will receive 20% and 30% weight, with the higher weight going to the better of the two grades. (If you miss one of the exams, the weighting will be 25% on the midterm you did take.)

Discussion Questions: 20%

These are graded mostly on completion. I do expect that answers will be in complete sentences and in your own words. I reserve the right to take off points for less than full effort. I understand that life does happen (illness, unexpected absence), so I will drop the two lowest or missed assignments in this category. I will also make these available at least a week in advance so that you may get them done early.

Final Exam 30%

Approximate grading scale:

95%-100% A

90%-94% A-

87%-89% B+

84%-86% B

80%-83% B-

76%-79% C+

73%-75% C

70%-72% C-

67%-69% D+

64%-66% D

60%-63% D-

0%-59% F

Grades may be curved.

If you disagree with the grading of an exam, you may submit it for my review. You must submit a *written argument* for why you should be awarded more points within one week of receiving back the exam. I will regrade the entire exam, meaning your grade may go up, stay the same, or go down. The only exception to this rule is an accounting error on my part.

## Schedule

***Please note, Discussions are due by 8 AM on the date listed.***

Class #	Date	Topic	Reading; Discussion Due Before Class
1	Monday, August 27	Introduction to the Course and Macroeconomic Data	GLS Appendix A, B
2	Wednesday, August 29	Macroeconomic Data and Models, Economic Thought	GLS Chap 1-3
3	Friday, August 31	Economic Growth	GLS Chap 4 DISCUSSION 1
4	Monday, September 3	Basic Solow Model	GLS Chap 5 DISCUSSION 2
5	Wednesday, September 5	Basic/Augmented Solow Models	GLS Chap 6 DISCUSSION 3
6	Friday, September 7	Augmented Solow Model	Review Chap 5-6 DISCUSSION 4
7	Monday, September 10	Augmented Solow Model/ Cross Country Differences	GLS Chap 7 DISCUSSION 5
8	Wednesday, September 12	Cross Country Differences	Review Chap 7 DISCUSSION 6
9	Friday, September 14	Consumption-Savings Model	GLS Chap 9 DISCUSSION 7
10	Monday, September 17	Consumption-Savings Model	Review Chap 9 DISCUSSION 8

11	Wednesday, September 19	Endowment Equilibrium	GLS Chap 11 DISCUSSION 9
12	Friday, September 21	Endowment Equilibrium	Review GLS Chap 11 DISCUSSION 10
13	Monday, September 24	Fiscal Policy	GLS Chap 13 DISCUSSION 11
14	Wednesday, September 26	Fiscal Policy	Review Chap 13 DISCUSSION 12
15	Friday, September 28	Production and Labor Supply	GLS Chap 12 DISCUSSION 13
16	Monday, October 1	Production and Labor Supply	Review Chap 12 DISCUSSION 14
17	Wednesday, October 3	REVIEW	Bring Questions!
18	Friday, October 5	EXAM	
19	Monday, October 8	Money	GLS Chap 14 DISCUSSION 15
20	Wednesday, October 10	Money, Inflation, and Interest Rates	GLS Chap 20 DISCUSSION 16
	Friday, October 11	NO CLASS – FALL BREAK	
21	Monday, October 15	Neoclassical Model	GLS Chap 17
22	Wednesday, October 17	Neoclassical Model + Shocks	GLS Chap 17-18 DISCUSSION 17
23	Friday, October 19	Shocks	Review Chap 18 DISCUSSION 18
	Sunday, October 21	<b>Optional</b> Screening of Too Big to Fail (with Pizza)	6:00 PM – location TBD
24	Monday, October 22	Financial Crises and the Great Recession	Optional Reading: GLS Chap 36 DISCUSSION 19
	Wednesday, October 24	NO CLASS	
	Friday, October 26	NO CLASS	
26	Monday, October 29	Taking Neoclassical Model to Data	GLS Chap 19 DISCUSSION 20
27	Wednesday, October 31	Policy Implications and Criticisms	GLS Chap 21 DISCUSSION 21
28	Friday, November 2	New Keynesian Demand	GLS Chap 23 DISCUSSION 22
29	Monday, November 5	New Keynesian Supply	GLS Chap 24 DISCUSSION 23

30	Wednesday, November 7	IS-LM-AS-AD	GLS Chap 25 DISCUSSION 24
31	Friday, November 9	NO CLASS	
32	Monday, November 12	IS-LM-AS-AD; Dynamics	Review Chap 25; GLS Chap 26 DISCUSSION 25
33	Wednesday, November 14	Dynamics	Review Chap 26 DISCUSSION 26
34	Friday, November 16	New Keynesian Monetary Policy	GLS Chap 27 DISCUSSION 27
35	Monday, November 19	Monetary Policy and Zero Lower Bound	GLS Chap 28 DISCUSSION 28
	Wednesday, November 21	NO CLASS – THANKSGIVING BREAK	
	Friday, November 23	NO CLASS – THANKSGIVING BREAK	
36	Monday, November 26	REVIEW	Bring questions!
37	Wednesday, November 28	EXAM	
39	Friday, November 30	Basics of Banking	GLS Chap 30 DISCUSSION 27
40	Monday, December 3	Money Creation	GLS Chap 31 DISCUSSION 28
41	Wednesday, December 5	Liquidity Transformation and Bank Runs	GLS Chap 32 DISCUSSION 29
42	Friday, December 7	Bond Pricing and the Term Structure of Interest Rates	GLS Chap 33 DISCUSSION 30