

Econ 332: Intermediate Macroeconomics

Vipul Bhatt

SP 2024

Office: Showker 6014

E-mail: bhattvx@jmu.edu

Class Room: Showker 0205

Office Phone: 540-568-3220

Class Hours: TuTh 3:55 - 5:10PM

Web: sites.google.com/view/vipulbhatt

Office Hours

Location: Showker 6014

Tuesday 9:30-11:00AM & 1:00-2:10PM

Thursday 9:30-11:00AM & 1:10-2:10PM

Course Description and Objectives

Macroeconomics is concerned with explaining the dynamic behavior of key economic indicators such as output, unemployment, inflation etc, and how policymakers can influence these variables through fiscal and monetary measures to achieve certain policy objectives. In this class we will focus on the U.S. economy and learn various macroeconomic models that can be used to understand the aggregate economy. We begin by learning about the history of macroeconomic thought. This is followed by introducing a theoretical framework with three components: short-run, medium-run, and long-run. These are distinguished by the nature of the price adjustment process assumed in our model of the aggregate economy. Some of the topics we will cover include the IS-LM model, labor market and unemployment-inflation trade-off, and long run economic growth. We will conclude the semester by considering the case of an open economy that adds exchange rate and trade balance considerations to the policy calculus. We will especially focus on the interaction between markets and the government, and develop an understanding of key macroeconomic policies (monetary and fiscal) often used to meet certain objectives about economic performance.\

Course prerequisites and Catalog Description

Intermediate-level analysis of the major approaches to the determination of economic aggregates, with emphasis given to structuring a common analytic framework.

Prerequisite: Minimum grade of "C" in the following courses: ECON 200 and ECON 201; and either ECON 284, COB 291, or MATH 236.

Readings

- Required Textbook: *Macroeconomics (8th Edition.)* by Olivier Blanchard

You can purchase this book (ebook or print) from the Pearson Website:

<https://www.pearson.com/en-us/subject-catalog/p/macroeconomics/P200000005834/9780136713883>

- Journal Articles: In addition we may use various published journal articles and other sources during the semester. Complete citation and/or pdf versions will be posted on Canvas in a timely fashion.
- Lecture notes: During each lecture I will be using whiteboard/docucam to provide supplementary lecture notes. These probably are the most important resource you will have to better understand the material covered in the textbook. Taking good notes is important for success in this course.

Important Deadlines

| | Date | Time | Location |
|-----------|-----------------------------|-------------|--------------|
| Midterm 1 | March 7 th 2024 | 3:55-5:10PM | Showker 0205 |
| Midterm 1 | April 16 th 2024 | 3:55-5:10PM | Showker 0205 |
| Final | May 7 th 2024 | 1:00-3:00PM | Showker 0205 |

Course Policy

Below I summarize important policies related to this course. Read them carefully and let me know in case you have a clarifying questions.

Grading Structure

| | |
|------------------------------|-----|
| Participation and Attendance | 20 |
| Problem Sets | 100 |
| Midterm Exam 1 | 90 |
| Midterm Exam 2 | 90 |
| Final Exam | 100 |
| Total | 400 |

Details on Grading Items

- **Attendance and Participation**

I will be taking note of the attendance for every session. There are two main ways you will be earning these grades.

1. Regular attendance and in-class participation. This includes asking questions, responding to questions posed to the class, as well as in-class group work via break-out sessions. This will count for 20 points and assigned on the scale given below. Note, *frequent* contributors pose questions independently and are prepared to answer questions when called upon. *Well-prepared* contributors rarely pose questions, but are well prepared when called upon. *Infrequent* contributors might participate only rarely, or seem ill-prepared when called upon. *Almost never* implies you were rarely prepared, and almost never had anything to independent to contribute, or you were disruptive. NOTE: attendance does NOT constitute participation, and courteousness to your classmates is also considered in your grade.

| Absences | Participation | | | |
|----------|---------------|---------------|--------------|--------------|
| | Frequently | Well-prepared | Infrequently | Almost Never |
| 0 | 20 | 18 | 16 | 14 |
| 1 | 18 | 16 | 14 | 12 |
| 2 | 16 | 14 | 12 | 10 |
| 3 | 14 | 12 | 10 | 8 |
| 4 | 12 | 10 | 8 | 6 |
| 5 | 0 | 0 | 0 | 0 |

- **Problem Sets:** During the semester you will be given several problem sets that are meant to provide practice problems for the material covered in class. I will be posting these problem sets on Canvas regularly and you will get sufficient time to complete them. You will be uploading your assignments as a single pdf file on Canvas. The exact number of problem sets will depend on how the semester progresses but the total contribution 100 points toward your final grade.
- **Midterm Exam:** There will be two in-class midterms contributing a total of 180 points towards your final grade. The details about the exam format and delivery will be provided to you in a timely fashion.
- **Final Exam:** The comprehensive final examination will count towards the remaining 100 points of your final grade. The details about the exam format and the delivery will be provided to you in a timely fashion.

Make-up Policy

- There will be no make-up for missed problem sets. I will not accept late submissions for them either. No exceptions.
- If you are not able to take a midterm exam during the assigned time, it is your responsibility to contact me AT LEAST a week in advance to discuss the appropriate

solution. This rule applies to both the midterm exams as well as the final.

- There will be no make-up for the midterm exam. In the most extreme of circumstances I may decide to make an exception and shift the weight of the missed midterm to the final exam. However, this will depend solely upon my discretion and you would need to provide the appropriate and valid documentation to support your situation. Also I will only make this accommodation once during the semester. If a student misses the exam, and does not furnish an acceptable official document, or if the student's excuse is not valid according to me regardless of the documentation, then the student will receive a grade of 0 for the midterm exam.
- For the Final exam, a make-up will be given if an acceptable official document such as a medical statement from a doctor is supplied as soon as possible. I will not accept any document after one week has passed from the date of the exam except under extreme circumstances. If a student misses the exam and does not furnish an acceptable official document, or if the student's excuse is not valid according to me regardless of the documentation, the student will receive a grade of 0 for the final exam and hence will fail this class.

Use of Canvas

Materials pertaining to the course such as important announcements, lecture slides etc will be posted on Canvas. It is your responsibility to keep a track of such announcements and postings on Canvas at \

<https://canvas.jmu.edu/>

You should check Canvas at least twice per week to stay abreast of the course.

Use of AI

A) Permitted use of AI

The use of generative AI tools such as ChatGPT is permitted with conditions. Here is a list of activities where you can use this resource:

- a) Finding information on a particular topic
- b) Checking grammatical errors in your work
- c) Searching for a way of implementing a particular data analysis in R

Note that if you use such a resource, it is your responsibility to ensure that there are no errors in your work. You are also responsible for ensuring that it does not violate any intellectual property rights and does not contain misinformation. Saying that you obtained it from ChatGPT does not absolve you from the responsibility for ensuring that your work is error free and meets JMU's honor code policy. You must acknowledge use of such AI resource properly so that you meet the academic honesty standards set by JMU. Include a short paragraph in a footnote or maybe as an endnote explaining how you used AI for an assignment. In case of obtaining a code snippet for R or text generated from ChatGPT, use direct quotes or different color font so that I know how much of your work is generated by AI and what your contribution over and above this tool.

Here is a golden rule: when in doubt about permitted usage, ask me for clarification!

B) Non-permitted use of AI

The use of AI is not permitted in this course for the following activities:

- a) Exams and quizzes
- b) Writing a draft for your research project
- c) Copying and pasting entire sentences, paragraphs, or papers to complete any class assignments.
- d) Copying and pasting entire R code for an assignment. You can (after acknowledging and annotating) use ChatGPT for some portions of the code but using it to answer the entire assignment is not permitted.

Caution in using ChatGPT

I think of ChatGPT as a tool and like any tool, its effectiveness depends on how well you understand your problem and what kind of input you provide from your end to ChatGPT. Think of Google search—the effectiveness of this tool depends on the preciseness of your search phrase. Same thing is true for ChatGPT. Here are some tips in using ChatGPT in general:

1. ChatGPT requires a prompt from you. That is what you bring to the table. The importance of a refined and polished prompt cannot be overstated. The vaguer and more ill-informed your prompt is, the more gibberish you should expect from ChatGPT.
2. Like any other free internet resource, your default should be to always doubt the veracity and accuracy of anything ChatGPT produces, even factual statements or snippets of R code. Unless you know it to be error free yourself or can verify from a credible third-party resource, assume that the information you have obtained will contain significant errors and would need your input to make it error free.
3. Your goal should be to save time and use of ChatGPT should allow you to improve your assignments in substantive ways using the freedup time. If that is not happening, and you are wasting a lot of time then maybe ChatGPT is not an appropriate tool for that assignment.

Withdrawing from the Class

- In case you wish to withdraw from the class please follow the University guidelines and make sure to meet the corresponding deadlines. These are available at:
<http://www.jmu.edu/syllabus/#AddingDropping>
- If you miss the deadline for withdrawing with a grade of W then your grade will be based on your class performance. I DO NOT, in any circumstance give WP or WF, and I will not entertain any such requests.

Preferred method for contacting me

The best way to reach me is via email. I will do my best to respond to e-mail within 24 hours on a weekday, 48 hours on a weekend, according to the following policy:

- I will not reply to e-mails that request information that can be found on the syllabus and/or Canvas.
- Make your queries brief. I will only respond to questions that can be answered in a sentence or two. For detailed questions, please see me during office hours.

Inclement Weather Policy

Classes will be held unless canceled by the JMU administration for reasons of bad weather, bomb threats, or fire alarms.

JMU Honor Code Policy

All students are expected to be aware of and adhere to the JMU Honor Code. Students will be expected to be academically honest and properly credit all source materials used. For the official documentation on the honor code policy see:\

<http://www.jmu.edu/syllabus/#Honesty>

Other University policies

To read about JMU's policy regarding Adding/Dropping Courses Disability Accommodations, and Religious Observation Accommodations, please see:

<http://www.jmu.edu/syllabus>

Tentative Course Outline

I will try my best to follow the schedule outlined below. However, in all likelihood this schedule will change depending on how the class respond to each topic.

| | Content and Readings |
|--|---|
| | <p>Topic 0: Self-review (not covered in class)</p> <ul style="list-style-type: none"> • GDP • Unemployment Rate • Inflation Rate • Okun's Law and Phillips Curve • Readings: <ul style="list-style-type: none"> – Blanchard: Chapter 2 |

| | |
|--|---|
| | <p>Topic 1: Economy in the short/medium run</p> <ul style="list-style-type: none">• Keynesian-Cross Model• IS-LM Model• Labor Market and Phillips Curve• IS-LM-PC Model• Readings:<ul style="list-style-type: none">– Lecture Notes– Blanchard: Chapters 3 through 9– Journal Articles Posted on Canvas |
| | <p>Topic 2: Economy in the Long run</p> <ul style="list-style-type: none">• Growth Accounting and Empirics of Growth• Solow Model of Economic Growth• Romer Model of Economic Growth• Readings:<ul style="list-style-type: none">– Lecture Notes– Blanchard: Chapters 10 through 13– Journal Articles Posted on Canvas |
| | <p>Topic 3: Open economy</p> <ul style="list-style-type: none">• Mundell-Flemming Model• Exchange rate regimes• Readings:<ul style="list-style-type: none">– Lecture Notes:– Blanchard: Chapters 17 and 20– Journal Articles Posted on Canvas |
| | <p>Topic 4: Consumer behavior (if time permits)</p> <ul style="list-style-type: none">• Permanent Income Hypothesis• Life-cycle Hypothesis• Behavioral Models of Consumption• Readings:<ul style="list-style-type: none">– Lecture Notes– Journal Articles Posted on Canvas. |