

Econ 4353W
Intermediate Macroeconomics
FALL 2021

Instructor: Prof. Aaron Hedlund (hedlunda@missouri.edu – include “4353” in subject)

Time and Location: T, R 9:30am – 10:45am, Swallow Hall 101

Office Hours: T, R 4:00pm – 5:30pm, 226 Professional Building

Canvas: <https://umsystem.instructure.com>

Dropbox Link: <https://www.dropbox.com/sh/r3dgmulse1gaod/AAyJZC9f9v5bBWs2jhnBo7Wa?dl=0>

Final Exam: Monday, December 13, 10:00am – 12:00pm

Overview and Objectives

This course will take you deeper into the methods and lessons of modern macroeconomic theory. Methodologically, we will cover the basics of household and firm optimization, dynamic general equilibrium with and without market frictions, etc. These tools involve a healthy dose of math, but we will build up this architecture gradually.

Conceptually, we will cover a mix of traditional topics, such as foundational theories of what drives economic growth and business cycles, the effects of fiscal and monetary policy, etc, in addition to more timely and policy-relevant topics that appear on the front pages of major news outlets. Such topics include, but are not limited to, housing crises, debt overhang (e.g. from mortgages and student debt), the drivers and consequences of inequality, and the macroeconomics of the COVID-19 pandemic along with the ensuing fiscal response. Beyond the specific topics that are covered, this course aims to strengthen your grasp of economic methodology by deepening your economic intuition, problem-solving, data analysis, writing, and communication skills.

Prerequisites

We will regularly study the static and dynamic properties of economic models using systems of equations that require algebra and calculus. Although we will review the necessary math, prior completion of intermediate microeconomics and calculus is strongly recommended.

Resources

Required Text

The course will utilize a combination of materials. The only book you need to obtain is *Macroeconomics, Fifth Edition* by Charles Jones. Other materials I will make available on Dropbox (see the link above).

Assessment

Your course grade will consist of the following:

- Referee Report (2–3 pages, 2 drafts): 10%
- Policy Memos (3 memos, 3 pages each, 2 drafts): 45% (15% per memo)
- Midterm: 20%
- Final Exam: 25%
- Participation: 5% maximum bonus
- Problem Sets: *ungraded* (only for diagnostic and test preparation purposes)

Referee Reports You will select an academic research paper (subject to approval of the instructor) to referee as if you were reviewing it for potential publication in an economics journal. To do so, you will write a report that is 2–3 pages in length and divided into three sections: 1) Summary, 2) Main Comments, and 3) Minor Comments. In the summary, you should describe the main research question the paper addresses, an overview of the methods, and the main takeaways. In the second section, you should provide a constructive critique of the paper. How compelling is the research question? Are the methods (theoretical model, empirical strategy, etc.) appropriate? What are some shortcomings? The last section is for any other non-central comments to improve the paper (e.g. writing or stylistic changes). You will receive feedback after the first draft of the referee report, after which point you should go back and make revisions to arrive at a second and final draft.

Policy Memos There will be three assigned policy memos for you to complete during the semester. These memos will follow a similar purpose and format to those used within the Executive Office of the President and in other areas of government to brief high-level officials

on relevant information to guide their policy decision-making. In particular, each memo will focus on a specific policy (e.g. the minimum wage) or concern (e.g. long-term unemployment). The memo should begin with a high-level summary that contains the BLUF, i.e. the Bottom Line Up Front with no more than 5 bullet points. The remainder of the memo should provide any necessary background information, key data, and important takeaways (e.g. trends to be aware of, policy options, potential recommendations) with a high-level summary of the supporting analysis. The length of each memo should be approximately 3 pages. You will receive feedback after the first draft of each memo, after which point you should go back and revise the memo to arrive at a second and final draft. We will then have class discussions where you will have the opportunity individually and in groups to make your case.

Midterms There will be one midterm worth 20% of your semester grade. It may contain a range of question types (e.g. multiple-choice, discussion, problem solving, etc.). I will make reasonable efforts to accommodate students who know ahead of time that they will be absent (plus those with an unexpected and documented emergency) with a make-up exam, but otherwise, students who miss the test will have the 20% weight shifted to the final exam.

Final Exam The final exam will be cumulative and comprise 25% of your grade.

Participation The participation bonus will be based on evidence of your preparation and engagement with the material in class. Evidence of engaged learning includes consistent and timely arrival to class with demonstrated preparedness and meaningful contributions to class discussions done in an open, respectful, and inclusive manner.

Problem Sets Ungraded problem sets will facilitate self-monitoring and test preparation.

COVID-19 Accommodations You will always be provided multiple weeks' notice before the due date for referee reports or policy memos. No late papers will be accepted. As a result, if you are concerned about the possibility of contracting an illness, you should plan ahead and commence working well in advance of the due date. If you miss the midterm for any reason, the 20% weight will be shifted to the final exam (that is, the final will account for $25\% + 20\% = 45\%$ of your semester grade). If you miss the final exam due to an excused absence, you will receive an incomplete and we will schedule a make-up. The "MU Policies" section at the end of the syllabus provides additional details of university policies.

Grading Scale Quizzes and exams will be graded according to a fixed grading scale. In the event of poor class performance, I may then apply an *upward* curve to bring up the class average. In other words, there is no circumstance in which you will be *hurt* by a curve. If you outright earn a particular grade, you're guaranteed to get it. There will be **no rounding**.

The grading scale is as follows: A+ (97 – 100), A (93 – 96.99), A- (90 – 92.99), B+ (87 – 89.99), B (83 – 86.99), B- (80 – 82.99), C+ (77 – 79.99), C (73 – 76.99), C- (70 – 72.99), D+ (67 – 69.99), D (63 – 66.99), D- (60 – 62.99), F (<60).

Course Topics (Subject to Modification)

1. Preliminaries

- Introduction to Macroeconomics
- Measuring the Macroeconomy

2. The Long Run

- An Overview of Long-Run Economic Growth
- Malthusian Pre-Industrial Growth
- Production and the Solow Growth Model
- Growth and Ideas

MIDTERM

3. The Short Run

- Introduction and a First Look at The Great Recession
- Monetary Policy
- Fiscal Policy
- The Great Recession
- Pandemic Macroeconomics: Econ-Epi Interactions, Household and Small Business Behavior, Fiscal Responses

4. Other Topics (Interspersed throughout the Course)

- Financial Frictions, Credit Crises, and Default
- Inequality Macroeconomics

- The Macro-Housing Nexus
- Demographic Change, Social Security, and Entrepreneurship
- International Trade/Finance: Sovereign Default, Exchange Rates, Etc.

5. **FINAL EXAM: Monday, December 13, 10:00am – 12:00pm**

MU Policies

Information on MU policies related to COVID-19 mitigation; academic integrity; academic inquiry, course discussion, and privacy; FERPA; intellectual pluralism; netiquette; religious holidays and accommodations; nondiscrimination; and students with disabilities is here: <https://provost.missouri.edu/faculty-affairs/syllabus-information>