

**ECON102: Intermediate Macroeconomics**  
**Robert Day School of Economics and Finance**

**Julio Garín**  
**Spring 2018**

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**When:** 01: TR 11:00AM–12:15PM. 02: TR 1:15PM–2:30PM.

**Where:** Room 34, Bauer Center.

**Office Hours:** Tuesday 3:30–4:30PM and Thursday 8:30–9:30AM in my office (B113).

**Tutors:** Tiancheng (Tony) Jiang, Tobin Hansen, and Zheyuan (William) Shi.

**Tutors hours:** Monday 8:00–10:00PM (BC 25) and Wednesday 6:00–8:00PM (BC 25).

## Basics

**Communication:** The best way to communicate with me is via email. Please include “Intermediate Macro” in the subject of the email (that way, it will be forwarded to the right folder). I will do my best to get back to you within 24 hours. While most announcements will be made in class, you should check your CMC email regularly throughout the semester and I will assume you do so.

**Course Description and Objectives:** This course aims to give you a solid understanding of macroeconomic theory. While the primary focus will be on theory, we will look at data and evidence to help motivate our theories and/or to assess competing ones. In order to be comfortable with the required empirical portion of the course, you should become familiar with a spreadsheet program like Microsoft Excel. Since an extremely important question is what –if anything– can policymakers do in order to improve individuals’ welfare, we will also evaluate the theoretical implications of different policies. We will also take a close look at the recent financial crisis and ensuing recession. By the end of the course, you will have a deeper understanding of some of the main concepts you learned in principles.

**Pre-requisites:** You should have a principles-level understanding of both macroeconomics and microeconomics (ECON050). Intermediate microeconomics (ECON101), though not an official pre-requisite, would be helpful for this course. Because our models will require mathematical tools, you should also feel somewhat comfortable using high school algebra and basic differential calculus. We will also use Microsoft Excel on assignments. If you are not familiar with Excel, the tutorials on YouTube are extremely helpful.<sup>1</sup>

**Office Hours:** The time allocated for office hours may change during the first or second week of class. I will do my best to hold extra office hours before the scheduled exams. The logistics of these will be communicated a week in advance of the test.

In addition, I’m also available for lunch and discussion at 12:05PM on Wednesdays in Collins Dining Hall. I enjoy getting to know students and, ideally, would go to lunch with everyone – either individually or in small groups – over the course of the semester. If you’d like to go

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<sup>1</sup>Please, make sure not to get distracted by cat videos; If you succeed, let me know how you did it.

to lunch, either email me in advance or contact me after class. Please do not be shy about asking me to join you for lunch and if you are unavailable on Wednesday but would like to go another day, just let me know.

**Tutors:** There will be three undergraduates tutors helping with the course. Tony Jiang, Tobin Hansen, and William Shi.<sup>2</sup> Tobin, Tony, and William have taken 102 last semester with me and have performed exceedingly well. You should take advantage of their help. You should reserve any questions for them for the regularly scheduled office hours. Emails with questions about the course and other logistical details should be directed to me.

Besides helping with the first problem set, during the first two weeks the tutors' office hours will focus on reviewing and covering basic concepts in math and fundamentals of Microsoft Excel. As I will not be spending significant class time reviewing math and Excel, you should try to make it to these office hours.

## Course Materials

The main content for the course is covered in my lectures and in the second draft of the book Rob Lester (Colby College), Eric Sims (Notre Dame), and I wrote. A free of charge copy of the manuscript can be obtained here: [juliogarin.com/textbook/](http://juliogarin.com/textbook/). The book is still a work in progress hence I recommend you print the chapters as we cover them. I will notify you as updates are made.

As the textbook is still work in progress, there are likely typos. We (Eric, Rob, and myself) would greatly appreciate any feedback. Throughout the textbook, there are blue hyperlinks which direct you to outside readings. These are not required but are meant to supplement the material. Some of these are simply Wikipedia pages on a particular topic, other are links to formal academic papers. These links will work simply by clicking on the link in the .pdf document. This is an advantage of reading the book on a electronic device.

In addition to the textbook, I will make available an electronic version of the slides that I use during class. The slides are just a tiny fraction of all the material I go over during lectures (essentially, they are just a guide) but in the past students have found them pretty helpful. However, you should be aware that neither the slides nor the textbook are substitutes for attending class (I'm assuming you pay attention to the lectures!).

I *strongly* encourage you to read the relevant chapters before and after each lecture, print out the slides, and fill them out during class.

### **Textbook:**

*Intermediate Macroeconomics*, Garín, Lester, and Sims (GLS).

### **Reference Books:**

*Macroeconomics*, Stephen Williamson (SW), Sixth Edition. Prentice Hall.

*Macroeconomics*, Abel, Bernanke, and Croushore (ABC), Ninth Edition. Pearson.

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<sup>2</sup>Tobin's email: [thansen20@students.claremontmckenna.edu](mailto:thansen20@students.claremontmckenna.edu), Tony's: [tjiang20@...](mailto:tjiang20@...), and William's: [zshi20@...](mailto:zshi20@...)

# Class Policies

**Attendance:** Unless you have a legitimate excuse (e.g. family or health related emergency, NCAA athletic competition away, and job interview), *you need to attend class, arrive on time, and not leave early.* Projects or assignments for other classes are not acceptable excuses for missing class. If for some reason you are not able to come to class or you have to come late or leave early you need to contact me before class and let me know. When you must miss a class it is your responsibility to get the assignments from me or a classmate. Poor attendance will surely contribute to a low grade. I will be more than happy to help you with course material on a 1-to-1 basis as long as you attend class and put forth the proper effort.

**Electronic Devices:** Except when mentioned, *you are expected not to use electronic devices in the class.* That means that you should not be using any device that either starts with an 'i', has a LCD screen, or both. If you usually take your notes on a laptop, talk to me.

**Academic Honesty:** *You are expected not to engage in academic dishonesty.* While collaboration in small groups while doing homework is permitted in this course, copying is not. Therefore, problem sets and examinations are conducted under Claremont McKenna's [Statement of Academic Integrity](#).

**Makeup Exam Policy:** *There will be no makeup exams.* If you have a valid excuse (family or health related emergency, NCAA athletic competition away, and final exam conflict) you or a friend of yours need to let me know *before* the missed exam. In case of a health related emergency, I will need a doctor's letter of excuse; in the other situations, you will need to get a letter of excuse from the relevant office. If you follow these instructions, I will transfer the weight of your missed test/s to the remained exam/s, otherwise, you will receive a zero score on the missed test/s.

**Re-grades:** If you feel that your exam was incorrectly or unfairly graded, you have *one week* after the class in which it is returned to submit it for a re-grade. However, when an exam is turned in for a re-grade, the entire exam will be re-graded and the scores for individual questions can be either increased or decreased.

**Academic Accommodation:** I am available to discuss academic accommodations that any student with a documented learning difference may require. Please note that you will need to provide a letter from the [Dean of Students Office](#) documenting your approved accommodations. Please meet with me to make a request for accommodations at the beginning of the semester – and at a minimum two weeks before any key dates – so that we can work together with the College to make the appropriate arrangements for you.

**Assignments, Grading, and Important Dates:** Lectures are important, but in economics, so is practice. With this in mind, we will have approximately *seven* homework assignments plus some additional assignments that will consist mainly of readings that will be handled in class and will provide you with extra training for tests and for life. The problem sets are graded on a check plus, check, check minus scale, where check plus is 100%, check is 85%, and check minus is 50%. With the exception of the first problem set, you may work in groups of up to three students on the homework assignments. If you work in a group, you can turn in one assignment, but you have to make sure that the names of all group members legibly appear on the first page of the assignment. The groups may be comprised of students from either of the two sections I am teaching. In addition, there will

be *two* midterms and a final exam.

**Grading:** In this class, there is not a grading scale based on fixed intervals. Your letter grade, and the sign attached to it, will be based both on your performance and on the distribution of grades at the end of the semester, however the following should serve you as a guide. Grades in the *A* range reflect outstanding work. Students earning an *A* will have a thorough and comprehensive understanding of the material and be able to answer virtually any question about the material. Just as important, students will be able to apply the models and methods to questions beyond those addressed in lecture. Grades in the *B* range reflect a solid understanding of the material. Students earning a *B* will understand all the in-class material and have some success in applying concepts more broadly. Some sort of grade in the *C* range indicates that the student has a basic understanding of the material from class, but has difficulties applying it to new questions. Grades in the *D* range reflect a poor understanding of the material presented in class and has a very difficult time applying the concepts in different contexts. A grade of *F* represents no understanding of the material presented in class.

The weight of each one of the course component in the final grade and the important dates are as follows:

### Grading Weight

Problem Sets & Reading Assignments	10%
Midterm 1	25%
Midterm 2	30%
Final	35%

### Important Dates (Tentative)

Date	Time	Location	Event
Tuesday, January 16	Regular	Classroom	First Class
Sunday, February 4	5:00PM–6:15PM	TBD	Makeup Class
Tuesday, February 13	8:00PM–9:15PM	TBD	<b>Midterm 1</b>
Sunday, February 18	5:00PM–6:15PM	TBD	Makeup Class
Tuesday, March 6	8:00PM–9:15PM	TBD	<b>Midterm 2</b>
Thursday, March 8			No Class
Tuesday, May 1	Regular	Classroom	Last Class
Friday, May 11	7:00PM–9:00PM	BC 36	Final Exam (01 & 02)

**Extra Credit:** Within the first few class lectures, you should begin to notice that applications of the concepts we are studying are abundant in the media. I will bring as many “real world” applications to class as possible, and I encourage you to do the same—your contributions will enhance the class as well as your individual learning experience. As extra incentive, I will bump a mark to the lowest problem set grade of students who do the following: find an article from a newspaper, magazine, or web site that is in some way applicable and related to what we are learning in the course, send it to me via email, and be prepared to discuss the article informally in class. I will forward these articles so other students can read them before class as well. While there is no deadline for these articles, if you send me an article two weeks before the end of the semester and I already have six articles on the docket, yours

will not be included (and you will not receive extra credit). It is therefore in your interest to send me articles sooner rather than later.

## **Course Outline**

(Tentative and Subject to Revision)

1. Introduction and Math Preliminaries (2 Lectures)
  - (a) Math Review (GLS Appendix A)
  - (b) Brief history of economic thought (GLS Ch. 3)
2. Measuring the Economy (2 Lectures)
  - (a) Basic economic concepts (GLS Ch. 1)
3. Long-run Economic Growth
  - (a) Stylized facts (GLS Ch. 4)
  - (b) What is a model (GLS Ch. 2)
  - (c) Solow growth model (GLS Ch. 5–6)
  - (d) Cross-country differences in standards of living (GLS Ch. 7)
4. Households, Firms, and Competitive Equilibrium
  - (a) Two period consumption-saving problem (GLS Ch. 8)
  - (b) Endowment Economy Equilibrium (GLS Ch. 10)
  - (c) Fiscal policy and Ricardian Equivalence (GLS Ch. 12.1–12.2)
5. Neoclassical Business Cycle Models
  - (a) Production and labor supply (GLS Ch. 11)
  - (b) Neoclassical business cycle model (GLS Ch. 15–16)
  - (c) Taking the model to the data (GLS Ch. 17)
  - (d) Efficiency and activist policies (GLS Ch. 14)
  - (e) Money (GLS Ch. 13)
  - (f) Money, inflation, and interest rates (GLS Ch. 18)
  - (g) Critiques (GLS Ch. 19)
6. New Keynesian Models
7. The Financial Crisis and Great Recession: 2007–2009
8. Finance and Macroeconomics

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Always keep in mind that this syllabus is a general plan for the course and deviations announced to the class may be necessary.

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