

ECON 243 A Intermediate Macroeconomic Theory Spring 2024

WeFr 11:00am–12:15pm, Weidensall 412

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1 Course Overview

This course aims to develop an understanding of the macroeconomic processes and outcomes. Topics include the determination of national income and output in the short, medium, and long run; the IS-LM model and its application to the Great Recession; the wage setting in the labor market and the Phillips Curve; the role of expectations in the macroeconomic dynamics and outcomes, the sources of long-run growth in per capita income; the impact of technological change on employment and its structure; the causes of income inequality; the determination of national income and output in open economy and the Mundell-Fleming Model. Students will read journal articles and book chapters about the course topics and present them in class. The course will also introduce students to macroeconomic data analysis.

2 Learning Objectives

This course expects students to achieve the following learning outcomes:

1. Students should acquire a fundamental knowledge of the macroeconomic processes and their outcomes
2. They should recognize the institutional structure of the macroeconomic processes and that they can be influenced and shaped
3. They should have fluency in using the analytical frameworks and tools to analyze the macroeconomic phenomena
4. They should be able to use the statistical software tools to retrieve macroeconomic data from the relevant data sources and conduct basic- to intermediate-level data analysis
5. They should be able to assess the claims on macroeconomy and macroeconomic policy critically

3 Course Prerequisites

Econ 103 and 104; Math 105-106 or Math 111; or permission of instructor.

4 Course Materials

4.1 Textbook

The required textbook for our course is Oliver Blanchard's *Macroeconomics*, 8th Edition. Both the most recent and previous (7th) editions are acceptable. The book's publisher, Pearson, offers it in both digital and physical forms as rentals. Among these, the most affordable option is the 4-month eTextbook subscription. If you want to purchase the textbook, I recommend you purchase the eTextbook subscription, for which the publisher charges \$43.96. You can purchase the textbook either directly from the [publisher](#) or through the College's [bookstore](#).

Do not hesitate to contact me if you have any questions about obtaining a valid textbook version.

4.2 Additional Materials

The following are the additional materials that we are going to use in our course. All additional materials are available on Moodle.

4.2.1 Readings

Albanesi, S. and Kim, J. (2021) 'Effects of the COVID-19 Recession on the US Labor Market: Occupation, Family, and Gender', *Journal of Economic Perspectives*, 35(3), pp. 3–24.

Acemoglu, D. and Johnson, S. (2023) *Power and Progress: Our Thousand-Year Struggle Over Technology and Prosperity*. New York: PublicAffairs.

Autor, D.H. (2015) 'Why Are There Still So Many Jobs? The History and Future of Workplace Automation', *Journal of Economic Perspectives*, 29(3), pp. 3–30.

Baily, M.N. and Bosworth, B.P. (2014) 'US Manufacturing: Understanding Its Past and Its Potential Future', *Journal of Economic Perspectives*, 28(1), pp. 3–25.

Baker, D., Rawlins, S. and Stein, D. (2017) *The Full Employment Mandate of the Federal Reserve: Its Origins and Importance*. Center for Economic and Policy Research.

Coy, P. (2024) 'Economics Textbooks Are Finally Getting a Vital Update', *The New York Times*, 17 January.

Crotty, J., (2007) 'The Function of Unemployment in Our Economy: Broadening Blanchard's Theory of the Role of Unemployment', Lecture Note.

Crotty, J. (2009) 'Structural causes of the global financial crisis: a critical assessment of the "new financial architecture"', *Cambridge Journal of Economics*, 33(4), pp. 563–580.

Fernández-Macías, E., Klenert, D. and Antón, J.-I. (2021) 'Not so disruptive yet? Characteristics, distribution and determinants of robots in Europe', *Structural Change and Economic Dynamics*, 58, pp. 76–89.

- Galbraith, J.K. (1997) ‘Time to Ditch the NAIRU’, *Journal of Economic Perspectives*, 11(1), pp. 93–108.
- Goos, M. and Savona, M. (2024) ‘The governance of artificial intelligence: Harnessing opportunities and mitigating challenges’, *Research Policy*, 53(3), p. 1-10.
- Howell, D. (1994) *The Skills Myth, The American Prospect*.
- Hoynes, H., Miller, D.L. and Schaller, J. (2012) ‘Who Suffers During Recessions?’, *Journal of Economic Perspectives*, 26(3), pp. 27–47.
- Ihrig, J. and Wolla, S.A. (2020) ‘The Fed’s New Monetary Policy Tools’, *Page One Economics®*, (Econ Primer).
- Kotz, D.M. (2015) ‘Crisis’, in *The Rise and Fall of Neoliberal Capitalism*. Cambridge, Massachusetts: Harvard University Press.
- Lavoie, M. (2024) ‘Conflictual Inflation and the Phillips Curve’, *Review of Political Economy*, pp. 1–23.
- Krugman, P. (2024) ‘Should We Be Seeing Red Over the Red Sea?’, *The New York Times*, 16 January.
- Naidu, S. (2022) ‘Is There Any Future for a US Labor Movement?’, *Journal of Economic Perspectives*, 36(4), pp. 3–28.
- Snowdon, B. and Vane, H.R. (2005) ‘Understanding modern macroeconomics’, in *Modern Macroeconomics: Its Origins, Development and Current State*. Cheltenham, UK; Northampton, MA: Edward Elgar Publishing, pp. 1–35.
- Vernengo, M. and Caldentey, E.P. (2023) ‘Price and prejudice: reflections on the return of inflation and ideology’, *Review of Keynesian Economics*, 11(2), pp. 129–146.

4.2.2 Documentaries

Ferguson, C. (2010) [Inside Job](#).

4.3 Access to Course Materials

All class announcements, lecture slides, problem sets, and additional course material are posted on Moodle, Gettysburg College’s learning management system. You should check Moodle daily. Note also that the College students can read online and for free *The New York Times* by activating a [NYTimes.com Group Pass](#) and *Wall Street Journal* by [creating an account](#). The physical issues of such magazines as *Bloomberg Businessweek* and *The Economist* can be found at Musselman Library. You can search for specific articles in these magazines on [MUSCAT Plus](#).

5 Course Requirements and Grading

Your course grade comprises six elements: attendance, participation, problem sets, class presentation, one midterm exam, and the final exam.

1. **Attendance (2%):** I will take attendance in each lecture using Moodle. I will consider health conditions that you can document, family emergencies, and religious holidays or observances as valid excuses for absence. I will not accommodate any other absence requests.

As per the College's [guidance](#) for religious observance for students, you have the responsibility to notify me in advance of religious holidays or observances that might coincide with exams, assignments, or class times to schedule mutually acceptable alternatives. You are also responsible for making up any work missed due to an accommodation.

2. **Participation (3%):** You are expected to engage in class discussions, ask questions, and comment about my and your fellow students' points and remarks. Active participation will make up 3 percent of your course grade.
3. **Problem Sets (25%):** You will submit 5 problem sets by the end of the course. These problem sets will allow you to practice the analytical models and prepare for the exams. You will also conduct macroeconomic data analysis. You are encouraged to work on them in small groups. However, do not simply copy someone else's answers in your group. Do your own work and exchange ideas with your fellow students to answer the questions. Copying from others will set you up for failure in the midterm and final exams.
4. **Class Presentations (25%):** Each group of two students will be assigned one of the additional readings (journal articles and book chapters). Students in each group will read an article or chapter before the class the reading is assigned and prepare to present/discuss the main points in the reading in the class meeting. Each presentation/discussion should take around 10 minutes. All group members will take a role in the presentation. Other students are expected to ask questions and comment about the points raised in the presentations.

The readings will likely be challenging for you. Therefore, it is crucial to start preparing for your class presentation at least a week before its scheduled week. Students in each group should read the article or chapter and meet with their group members to plan their presentation.

You are more than welcome to contact me with your questions as you prepare for your presentation.

5. **Midterm Exam (25%):** Your knowledge and comprehension of the course topics will also be tested through the midterm exam that will include short- and long-answer questions. The midterm exam is scheduled for **Friday, March 8**, and it will take place in the lecture room.
6. **Final Exam (20%):** The format of the final exam is the same as the midterm exam. The final exam will take place on **Saturday, May 11**, from 8:30 am to 11:30 am in the lecture room. You can view the Spring 2024 final exam schedule [here](#). Please make your travel arrangements accordingly.

Finally, the letter grades will be assigned according to the following schedule with **no rounding**:

Cut-off	97	93	90	87	83	80	77	73	70	66	63	60	-
Grade	A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	F

Please note that your grade depends on the fixed standard of comprehension and expression above and not on comparison to other students. Therefore, you should feel comfortable discussing and sharing your notes, ideas, and writing with your fellow students.

6 Class Communication

I will use Moodle announcements to communicate with you throughout the semester. You should make sure to see my announcements not too late in order to stay up-to-date with the class. Note that Moodle sends notification emails to students about course announcements, assignments, feedback and more.

7 Accommodation Policy

Gettysburg College promotes self-disclosure and self-advocacy for students with disabilities admitted through the regular admissions process. The College recognizes students with disabilities have the legal right and responsibility to present requests for reasonable accommodations. The [Center for Student Success](#) assists students with disabilities with their requests for accommodations. If you have a documented disability that requires accommodation, please request disability accommodation with the Center for Student Success so that we may make appropriate arrangements.

8 Title IX Policy

Gettysburg College and its faculty are committed to creating a safe and open learning environment for all students. If you or someone you know has experienced sexual harassment, including sexual assault, dating or domestic violence, and stalking, know that help and support are available. Please be aware that all faculty members are required to report instances of sexual misconduct to the College's Office of Sexual Respect and Title IX. When a report is made the College's Title IX Coordinator will reach out to the impacted individual with information about resources, supportive measures, and resolution processes. If you wish to speak to a confidential resource, I encourage you to contact any of the confidential resources on campus and within the local community, which can be found here: <https://www.gettysburg.edu/offices/sexual-respect-title-ix/resources/resource-list>.

9 Other Course Policies

All members of ECON 243 must *read and agree* to these policies:

1. **LATENESS** You are expected to arrive and be seated by 11:00 am. To ensure this, arrive early. Being late disturbs and distracts your classmates and me. I will generally give a one-minute grace period before beginning the lecture. In the rare event that you arrive late (after 11:00 am) enter quietly and quickly and find a seat on an aisle. When you arrive late your goal is to be seen and heard as little as possible.
2. **TALKING DURING LECTURE** Do not talk to other students during lecture. If you are confused about something, raise your hand to ask me in class, or wait until after class to ask me, or another student. If you start a discussion with a neighbor, you will miss more of the lecture and get further confused.
3. **LAPTOPS, TABLETS, CELL PHONES, & OTHER DEVICES MUST BE PUT IN SILENT MODE** While you can use your laptop or tablet to take notes, please note that many studies show that if two groups of students view the same lecture, students who took notes longhand score much higher on an assessment than did the students who took notes using a laptop. Research also

shows that laptops in the classroom distract the students who use them and other students who sit nearby. In any case, students are not permitted to tape, film, or record lectures.

4. **AT THE END OF LECTURE** As the end of lecture approaches do not prepare to leave (e.g., closing your notebook, packing up your book bag, putting on your coat). Wait until I announce the lecture is over. This “preparing-to-leave” activity distracts your classmates who are trying to listen to the end of the lecture and me. If you must leave class early on a particular day, let me know in advance, and sit in the back.
5. **RESPECT AND GOODWILL** All members of ECON 243 will treat all other members with respect and goodwill. It is not possible to conduct an honest, reasoned discussion of social and economic issues without reciprocal respect and goodwill.
6. **ACADEMIC INTEGRITY AND THE HONOR CODE** All students must adhere to the principles and practices in the [Honor Code](#), maintain the highest integrity in their academic work, be committed to the critical evaluation of ideas, be free of personal prejudice, and recognize the obligation to create an atmosphere of mutual trust and respect.

10 Study Tips

The following may help you do well in this and other courses.

- Spend a minimum of ten hours a week (not including class time) on this course to learn the material and get enough practice. Practicing sound problem-solving skills is very important in economics.
- Do not fall behind; keep up with the material every week to apply your new economic skills.
- Read the chapters, readings, and assignments carefully keeping pen and paper at your side to work out the various points being made. Redraw every graph to understand how it works and what it shows. Rewrite every equation to understand how it operates and what it means.
- Spread your studying for exams over several days and quiz yourself on the relevant material before exams. These are highly effective learning strategies shown to boost student performance on exams.
- Do not highlight chapters; this does little to improve learning. Instead, work in groups of one or two classmates on problems then consult the lecture notes, recitation notes, textbook, or instructor for help. Students who study on their own then discuss their work in small groups of their classmates understand the material better and feel more engaged with their classes.
- Get to know your professor. Studies show that students who get to know their professor feel more connected to the course material and the college, understand the material better and get better grades. Come to office hours to ask questions regularly. Do not put off attending office hours until the day before assessments – it gets too crowded at those times. Ask specific questions.
- Do not hide academic problems. Studies show that students who ask for help improve their grades and those who do not spiral downward – isolated, failing, and unhappy.

- Think carefully about how much time you devote to studying for this course. Research shows that students who do well always mention the time they spent studying for the course in evaluations of their experience. Students who do poorly never mention time. You should think about how much time you devote to this course, the quality of your study time when you are going to study, and so on.
- You cannot study for any university course as you did in high school – 25 minutes at lunch, half an hour before class, and 45 minutes at night. Research shows grades and understanding improve when university students set aside an *uninterrupted stretch of a few hours* to study one subject.

11 Weekly Course Schedule

Below is our weekly course plan. All of the course materials other than the textbook are available on Moodle. The asterisked readings are optional.

Dates	Topic	Readings and Assignments
Jan 24 & 26	Introduction	Blanchards, Chapter 1-2 * Snowden and Vane, ‘Understanding modern macroeconomics’
Jan 31 & Feb 2	The Goods and Financial Markets	Blanchard, Chapters 3-4 Ihrig and Wolla, ‘The Fed’s New Monetary Policy Tools’ Coy, ‘Economics Textbooks Are Finally Getting a Vital Update’
Feb 7 & 9	The IS-LM Model	Blanchard, Chapters 5-6 Kotz, ‘Crisis’ Movie: Inside Job * Crotty, ‘Structural causes of the global financial crisis’ Problem Set 1 (due on Feb 16)
Feb 14 & 16	The Labor Market	Blanchard, Chapter 7 Albanesi and Kim, ‘Effects of the COVID-19 Recession on the US Labor Market: Occupation, Family, and Gender’ Hoynes et al., ‘Who Suffers During Recessions?’ Naidu, ‘Is There Any Future for a US Labor Movement?’ * Baker et al., ‘The Full Employment Mandate of the Federal Reserve’

Feb 21 & 23	The Phillips Curve	Blanchard, Chapter 8 Crotty, 'Broadening Blanchard's Theory of the Role of Unemployment' Galbraith, 'Time to Ditch the NAIRU' Vernengo and Caldentey, 'Price and prejudice: reflections on the return of inflation and ideology' Problem Set 2 (due on Mar 1)
Feb 28 & Mar 1	The IS-LM-PC Model	Blanchard, Chapter 9 Krugman, 'Should We Be Seeing Red Over the Red Sea?' * Lavoie, 'Conflictual Inflation and the Phillips Curve'
Mar 6 & 8	Review Midterm Exam I (Friday, March 8)	
Mar 20 & 22	The Facts and Challenges of Growth	Blanchard, Chapters 10 and 13 Acemoglu and Johnson, 'Control over Technology' Autor, 'Why Are There Still So Many Jobs?' Fernández-Macías et al., 'Not so disruptive yet?' Howell, 'The Skills Myth'
Mar 27 & 29	The Solow Growth Model	Blanchard, Chapter 11 Acemoglu and Johnson, 'Cultivating Misery' and 'Casualties of Progress' Acemoglu and Johnson, 'The Contested Path' and 'Digital Damage'
Apr 3 & 5	Technological Progress and Growth	Blanchard, Chapter 12 Acemoglu and Johnson, 'Artificial Struggle' and 'Redirecting Technology' Baily and Bosworth, 'US Manufacturing' * Goos and Savona, 'The governance of artificial intelligence' Problem Set 3 (due on Apr 12)
Apr 10 & 12	Financial Markets and Expectations	Blanchard, Chapter 14
Apr 17 & 19	Expectations, Consumption, and Investment	Blanchard, Chapter 15 Problem Set 4 (due on Apr 19)
Apr 24 & 26	The Goods Market in an Open Economy	Blanchard, Chapters 17-18
May 1 & 3	The Mundell-Fleming Model	Blanchard, Chapter 19 Problem Set 5 (due on May 8)
	Final Exam (Saturday, May 11)	