

## **ECON30120: Advanced Macroeconomics**

This module builds on Intermediate Macroeconomics (ECON20020) to cover more advanced topics in macroeconomics. Though Intermediate Macroeconomics is not technically a prerequisite, the two modules are intended as a sequence to be taken in turn. If you have not taken Intermediate Macroeconomics, I strongly recommend that you do not take this module this term. A number of students that have tried to do this in the past (either by taking this course before ever taking Intermediate or attempting to take Intermediate and this course at the same time) have done very badly.

### **Content**

The module will have three parts to it:

1. *Expectations, Monetary Policy Rules and the Zero Bound*

A more advanced treatment of Keynesian macro than the IS-LM model covered in Intermediate Macro. This section will focus on monetary policy rules, the Phillips curve, expectations formation and modelling the so-called “liquidity trap” associated with the zero bound on interest rates.

2. *Rational Expectations in Macroeconomics*

The theory of rational expectations with applications to asset pricing, consumption and exchange rates.

3. *Long-Run Growth*

Theories and evidence on the determinants of long-run growth patterns. Models of pre-industrial economies. Growth and the environment.

### **Teaching Approach**

The approach taken to teaching this material will differ from what you have seen in previous classes. Introductory and intermediate macro are generally taught using graphs with curves. While much of the material in this class will also be illustrated with graphs, some of it won't be and every model that we cover will be a formal mathematical model. In each case, I will use equations to define the model and explain its properties. I know many students dislike equations. However, I hope to be able to illustrate how we can learn more about economic theories through formal methods than we can from just looking at graphs.

Given this description, if you are choosing to take this class as an elective and do not like using equations, keep in mind that there are other elective modules that may suit you better. At the same time, the approach to assessment this year will be similar (though not identical) to last year and the median grade for the class last year was a B- and the failure rate was low. So if some of the material seems extremely hard at first, remember that most of the students in previous classes have mastered the material with practice.

### Course Materials

My approach to teaching classes is a little different to other lecturers, so make sure you know from the outset how the class works.

- The main course materials will be my lecture notes, available on my website. Go to [www.karlwhelan.com](http://www.karlwhelan.com) and click on “Teaching”. Alternatively, you can just bookmark the class web page, which is <http://karlwhelan.com/blog/?p=759>
- A collection of my lecture notes, imaginatively titled *Lecture Notes on Macroeconomics*, is available in book form on the bottom part of the Teaching tab on my webpage. This can be considered the textbook for the course. However, as with most classes, we will not have time to cover all of the topics in the book. If a topic is covered in the book but is not in the lecture notes distributed on the class website, then it is not part of the syllabus for this course.
- I will use slides for presenting the material in lectures and will post these on the class website. However, these slides are not the lecture notes for the class. The slides may be helpful for studying and revision but the material you need to read and study is the detailed lecture notes.
- I don’t use Blackboard apart from to direct you to my website and to distribute the midterm grades.
- I will also refer to papers and data sources and provide links to these materials on the course webpage. These materials will help to deepen your knowledge of the topics and can provide useful material for answering questions in the final exam.

## **Assessment**

Your final grade will be based on 30% for a multiple-choice mid-term exam and 70% for a final exam. Specifically, your final grade will be calculated as a weighted average of the **grade calculation points** (i.e. midpoint of the gradescale) you obtain in the two exams. The School of Economics uses its own gradescale. See the class website for a description of this gradescale.

1. The midterm is a one hour multiple-choice test that will take place on Thursday March 5 at 6PM in the Blackrock Exam Centre. The test will have 30 questions and there will be no negative marking, i.e. I won't deduct points for wrong answers.
2. The final exam will have three sections.
  - Section A will feature a choice of different discussion questions where you are asked to briefly explain a topic from the course. You will be asked to answer 5 questions from 10. This section will count for 40 percent of the final exam.
  - Section B will ask questions about the properties of models taught in the course, focusing mainly on properties that can be explained using graphs. You will be asked to answer 2 questions from 4. This section will count for 20 percent of the final exam.
  - Section C will also ask questions about the properties of models, focusing on some of the more technical material. You will be asked to answer 2 questions from 4. This section will count for 40 percent of the final exam.
3. I will provide more information, such as sample questions, as we go along.
4. Taking holidays with your friends or family or other personal decisions are not sufficient reason to be excused from turning up from the midterm.

## **Contacting Me**

- My office is room D216 in the Newman Building (i.e. this building). Feel free to call by if you want to talk about problems you may have with the material. If I'm there and I'm free, I'll be happy to talk.

- Office Hours: 12pm to 1pm on Monday (i.e. before class on Monday).
- If those office hours don't work for you, you can email me at **karl.whelan@ucd.ie** to arrange a time to meet me.
- I do my best to respond promptly to email queries but if I forget to reply to you, just send your email on again (I won't mind). I don't intend to ignore any of these emails but I am usually very busy so sometimes I don't get around to replying quickly and then forget.