

ECON 1210 – Intermediate Macroeconomics S02

Fall 2007

Syllabus

Instructor: Tiago Freire

Email: Tiago_Freire@brown.edu

Office: Robinson Hall (basement)

Office hours: Tuesdays and Thursdays 2:30pm – 3:30pm

Class meetings: Tuesdays and Thursdays 1:00pm – 2:20pm – Smith-Buonanno Hall 106

TA: Zhichao Wei

Email: Zhichao_Wei@brown.edu

Office: Robinson Hall (basement)

Office hours: Thursday 3:30-5:30pm

Section meetings:

C2A Friday 12-12:50 pm List Art Center 110

C2B Friday 3-3:50 pm Wilson Hall 302

Course Description: Two 80-minute lectures and a one hour of discussion per week. ECON 1210 is an intermediate macroeconomics course that studies the theories of the determination of national income, employment, and price levels, within the short run and the long run of both closed and open economies. Applications will extend to monetary and fiscal policies. **Econ 11 is a prerequisite for this course.**

Readings:

Main Textbook (required):

N. Gregory Mankiw, “Intermediate Macroeconomics” (6th Edition), Worth Publishers (www.worthpublishers.com/mankiw).

Lectures will draw heavily from contents of this book. Part III will be complemented with material from Charles I. Jones’, “Introduction to Economic Growth” (2nd Edition) W. W. Norton & Company (<http://www.wwnorton.com/college/titles/econ/growth2/>) and David N. Weil’s, “Economic Growth”, Addison Wesley (www.aw-bc.com/weil) both of which are on reserve at the Rockefeller Library. Additional material will be assigned during the semester.

I also recommend the regular reading of newspapers such as *The Economist*, *The Financial Times* or *The Wall Street Journal*.

Exams: Two mid-terms, both in-class. The first one will be on Thursday September 27th and the second one on Thursday October 25th. Each counts for 20% of your overall grade. The final exam is on Tuesday December 11th, and counts for 40% of your overall grade. Solutions for homeworks, midterms and exam will be posted on the web page.

Absence from exams will be automatically granted only in the event of medical or family emergencies, which must be verified by a letter from the Dean. Any other requests for absence from the scheduled exams must be presented in writing within the first three weeks of the semester and will be evaluated on a case by case basis.

Homework: Problem sets will be assigned weekly and count for 20% of your overall grade; they should be handed in to your TA in the beginning of every section. In case you are not able to attend section, the problem set should be turned in by 5pm on Friday to the TA's mailbox in the basement of Robinson Hall. However, you are strongly advised never to skip section, as you will be responsible for any new material taught by your TA. Solutions will be posted on Monday; no homework will be graded after the solutions have been posted. Homework will be graded on a scale of check plus (2), check (1), and zero (if you don't hand in the homework).

Section meetings: Each week you will receive your graded problem set from the previous week's assignment in section, or if you fail to attend section, the graded problem sets will be placed in the ECON 1210 - S02 blue-box in the Robinson Hall basement. In addition, any questions from problem sets and lectures will be addressed. On occasion, supplemental material such as additional mathematical techniques will be covered.

Course schedule (tentative):

Lecture	Date(s)	Lecture Topics	Corresponding chapter
1	Thursday Sept 6 th	Part I: Introduction: Macroeconomics as a science. Macroeconomic Data: GDP, its components and other measures of income, GDP deflator and the CPI, the unemployment rate.	Chapter 1 & Chapter 2
2	Tuesday Sept 11 th	Part II: The Long-Run: Classical Theory: production and income, consumption, saving/investment and prices.	Chapter 3 & Chapter 16

Lecture	Date(s)	Lecture Topics	Corresponding chapter
3	Thursday Sept 13 th	Part II: The Long-Run: Classical Theory: production and income, consumption, saving/investment and prices.	Chapter 3 & Chapter 17
4	Tuesday Sept 18 th	Part II: The Long-Run: Money and Inflation: Money and its uses, Money supply, the Quantity Theory of Money, Demand for Money, Interest rates, Inflation and Hyperinflation, Money neutrality and the Classical Dichotomy	Chapter 4 & Chapter 18
5	Thursday Sept 20 th	Part II: The Long-Run: The Open Economy: Net Exports, Capital Flows and the Trade Balance, Saving and Investment in a small open economy, the effects of policies on the trade balance, exchange rates and their determinants, purchasing power parity (PPP)	Chapter 5
6	Tuesday Sept 25 th	Part II: The Long-Run: The Open Economy: Net Exports, Capital Flows and the Trade Balance, Saving and Investment in a small open economy, the effects of policies on the trade balance, exchange rates and their determinants, purchasing power parity (PPP)	Chapter 5
7	Thursday Sept 27 th	Midterm I – covering chapters 1-5	
8	Tuesday Oct 2 th	Part II: The Long-Run: Unemployment: the Natural Rate, Frictional and Structural Unemployment, patterns and trends.	Chapter 6
9	Thursday Oct 4 th	Part III: The Very Long-Run: Economic Growth: the role of Capital Accumulation and Population Growth (basic Solow Model)	Chapter 7
10	Tuesday Oct 9 th	Part III: The Very Long-Run: Economic Growth: the role of Capital Accumulation and Population Growth Theory	Chapter 7
11	Thursday Oct 11 nd	Part III: The Very Long-Run: Economic Growth: the role of Technological Progress and growth-promoting policies (extended Solow model), empirics, Endogenous Growth Theory	Chapter 8

Lecture	Date(s)	Lecture Topics	Corresponding chapter
12	Tuesday Oct 16 th	Part III: The Very Long-Run: Economic Growth: the role of Technological Progress and growth-promoting policies (extended Solow model), empirics, Endogenous Growth Theory	Chapter 8
13	Thursday Oct 18 th	Extensions of Endogenous Growth Theory. Growth Topics	Jones; Weil
	Tuesday Oct 23 th	Extensions of Endogenous Growth Theory. Growth Topics	Jones; Weil
14	Thursday Oct 25 th	Midterm II – covering chapters 6-8	
15	Tuesday Oct 30 th	Part IV: The Short-Run: Business Cycle Theory: Introduction to Economic Fluctuations, Aggregate Demand and Aggregate Supply, Stabilization policies.	Chapter 9
16	Thursday Nov 1 th	Part IV: The Short-Run: Business Cycle Theory: Aggregate Demand I: the IS-LM model	Chapter 10
17	Tuesday Nov 6 th	Part IV: The Short-Run: Business Cycle Theory: Aggregate Demand I: the IS-LM model	Chapter 10
18	Thursday Nov 8 th	Part IV: The Short-Run: Business Cycle Theory: Aggregate Demand in an open economy (Mundell-Fleming Model), Fixed vs. Floating Exchange Rates	Chapter 11
19	Tuesday Nov 13 rd	Part IV: The Short-Run: Business Cycle Theory: Aggregate Demand in an open economy (Mundell-Fleming Model), Fixed vs. Floating Exchange Rates	Chapter 11
20	Thursday Nov 15 th	Part IV: The Short-Run: Business Cycle Theory: Interest rate differentials, Fixed vs. Floating Exchange Rates and changing price level in the Mundell-Fleming Model	Chapter 12
21	Tuesday Nov 20 th	Part IV: The Short-Run: Business Cycle Theory: Interest rate differentials, Fixed vs.	Chapter 12

Lecture	Date(s)	Lecture Topics	Corresponding chapter
		Floating Exchange Rates and changing price level in the Mundell-Fleming Model.	
22	Thursday Nov 22 th	Part IV: The Short-Run: Business Cycle Theory: The Phillips curve and the short-run trade-off between inflation and unemployment.	Chapter 13
23	Tuesday Nov 27 st	Part IV: The Short-Run: Business Cycle Theory: The Phillips curve and the short-run trade-off between inflation and unemployment.	Chapter 13
24	Thursday Nov 29 rd	Thanksgiving	
25	Tuesday Dec 4 th	Part V: Macroeconomic Policy: Stabilization policy, active vs. passive, rules vs. discretion.	Chapter 14
26	Thursday Dec 6 th	Part V: Macroeconomic Policy: Government Debt: The Traditional View, the Ricardian View and other perspectives	Chapter 15