Econ 210D: Intermediate Macroeconomics  
Duke University, Fall 2012  

T, Th 3:05-4:20, Physics 128  

FINAL EXAM: Tuesday, December 11, 2012, 2pm-5pm  

Course Email: econ210help@duke.edu  

Professor: Dr. Michelle Connolly  
Email: mconnoll@duke.edu (for direct communication only)  
Phone: 919-660-1819  
Office: 207 Social Sciences Building  
Office Hours: Tuesdays and Thursdays 4:30-5:30  

Head TA: Milenka Moschella  
Email: milenka.moschella@duke.edu  
Office: 325 C Social Sciences Building  
Office Hours: Wednesdays and Thursdays 4:30-5:30  

Teaching Assistants:  
Ruqayya Diwan rd75@duke.edu  
Jonathan Marks jonathan.marks@duke.edu  
Yi Pan yi.pan@duke.edu  
Zizi Petkova zvp@duke.edu  


Prerequisites:  
1. Economics 1, 1A, 1D, or 51/101D;  
2. Economics 105/205 (or as a co-requisite at own risk).  
3. Calculus: Mathematics 31/31L/111L (or Mathematics 25L & 26L/105L &106L);  
4. Multivariate Calculus: Mathematics 102 or 103/212 (grade of “B-” or higher).  

NO OPEN COMPUTERS IN CLASS.
Grading Scheme:

Problem Sets (≈ 9): 25%
Midterm: 30% (20% if do better on Final)
Final: 45% (55% if do better on Final)
Participation: half letter grade bonus to course grade for significant participation

Honor Code: I expect all of my students to abide by the Duke University Community Standard. Further, I will report instances of academic dishonesty to the University Administration.

NO MAKEUP MIDTERM. If you have an excused absence for the midterm, problem sets will count for 30% and the final exam will count for 70% of your grade.

If you do better on the Final exam than the Midterm, the Final will count for 55% and the Midterm will count for only 20%. Whichever grading scheme gives you the highest grade will be automatically used in determining the class distribution and course grades.

Exam re-grade requests will only be accepted for exams taken in pen (not pencil). These requests must be typed and returned by the next class. The request must explain why you think a certain question is incorrectly graded. The entire exam will be re-graded by Professor Connolly and your grade can go up or down accordingly. If you ask me to re-grade a particular question, and I determine that your answer was graded correctly, then you automatically lose one percentage point.

Problem sets are due in class on Tuesdays. No late problem sets are accepted. Explanations determine grades. You may use the course email econ210help@duke.edu to ask for clarification of a question. You should NOT ask for help in answering your problem set questions.

You may attend any discussion section you want. Problem sets are returned in section so write which section you attend on your problem set under your name.

Only the original grader of a problem set will consider any re-grading requests. If you wish to have the original grader re-grade, write out the problem you see with the current grading and resubmit the problem set and your request by the next class.

All grades will be posted on Sakai. Check these regularly to confirm that you have appropriately received credit, especially for problem sets.

Course grades are NOT NEGOTIABLE. It is INAPPROPRIATE (and honestly humiliating) to request special consideration at the end of the term with respect to your grade. I will answer any clarifying questions regarding grades but will not respond to attempts to negotiate grades.
TOPICS:

I. **Introduction**  
   *Lecture Date: Aug 28*
   - Economic Modeling and Data
   - Short Run vs. Long Run
   - Classical Economics (Chapter 1)

II. **Robinson Crusoe**  
   *Lecture Date: Aug 30*
   - Leisure and Consumption in a Static Model
   - Substitution and Wealth Effects (Chapter 2)

III. **Credit Markets, Leisure and Consumption in a Dynamic Model**  
    *2.5 Lecture Dates: Sept 4, 6, 11*
    - Intertemporal Substitution Effects
    - Theories of the Consumption Function
    - Aggregate Supply and Demand Functions (Chapter 3)

IV. **Money Demand**  
    *3 Lecture Dates: Sept 13, 18, 20*
    - Chapters 4 and 17

V. **The Basic Market Clearing Model**  
    *2 Lecture Dates: Sept 20, 25*
    - Neutrality of Money (Chapter 5)

VI. **Inflation**  
    *3 Lecture Dates: Sept 27, Oct 2, 4*
    - Actual vs Expected Inflation
    - Nominal vs Real Interest Rates
    - Intro to Stabilization Plans for High Inflation Countries
    - Anticipated vs. Unanticipated Changes in Monetary Policy
    (Chapters 7 and 8)

**MIDTERM.** Please bring 3 blue books.  
**Date:** Tuesday, October 9

VII. **Investment, Firm Behavior, and Business Cycles**  
    *2 Target Lecture Dates: Oct 11, 16*
    - Chapter 9
VIII. **International Economics**  
*2 Target Lecture Dates: Oct 18, 23*

- Current Account, International Debt  
- Terms of Trade and Real Exchange Rate Determination  
- Purchasing Power Parity, Interest Rate Parity, and Nominal Exchange Rate Determination (Chapters 15 and 16)

IX. **Government and Fiscal Policy**  
*5 Target Lecture Dates: Oct 25, 30, Nov 1, 6, 8*

- Public Spending (Chapter 12)  
- Taxes, Transfers, and Distortions: The Laffer Curve and Supply Side Economics (Chapter 13)  
- Debts and Deficits: Ricardian Equivalence Theorem of Debt Neutrality (Chapter 14)

X. **Long Run Economic Growth**  
*4 Target Lecture Dates: Nov 13, 15, 20, 27*

- Conditional Convergence of Incomes across Countries and Regions.  
- Technology and Technological Progress.

Required Readings:


XI. **Beyond Perfect Competition: Monopolistic Competition**  
*3 Target Lecture Dates: Nov 29, Dec 4, 6*

- Current theories in economics that use this approach  
  a. International Trade - Intra-industry trade  
  b. Endogenous Growth Theory - R&D based endogenous growth  
  c. Models of Technological Diffusion - Dynamic Trade Models, et al.

**FINAL EXAM: December 11, 2pm-5pm**