Economics 210D: Macroeconomic Theory

Time of Class: M and W 10:05AM - 11:20AM  
Room: SocSci 139  
Instructor: Professor Juan Rubio-Ramírez.  
Head TA: Irving A. De Lira Salvatierra (Ph. D student in economics).  
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Head TA E-mail: irving.delira.salvatierra@duke.edu  
Office Hours: By appointment.  
Recommended Text: MACROECONOMICS (5th edition) by Stephen D. D. Williamson  

1. Course Outline and Overview

Economics 210 is the basic course in macroeconomic theory for undergraduate economics majors. Economics 210 is centered on constructing and understanding macroeconomic models. We will cover models using math. You MUST have the degree of mathematical maturity associated with the concepts of sets, functions, derivatives, integrals, Taylor series, optimization, ordinary differential equations, and other material. If you do not meet these requirements, you cannot take this class.

This course will be taught from an equilibrium perspective. This means we will work with economic agents that optimize and with aggregate consistency conditions. Understanding the concept of equilibrium will then be the single most important task of the course.

We will apply equilibrium theory to discuss the theory of long-run economic growth and short-run economic fluctuations. Growth theory describes and explains how the main economic aggregates (such as output, employment, inflation, interest rates) evolve on average over longer periods of time, whereas theories of short-run fluctuations (business cycle theories) analyze the short-run movements of economic aggregates. Once we have understood how the macroeconomy works, we can start to analyze macroeconomic policy, in particular fiscal policy (what are the macroeconomic effects of taxation, government spending, budget deficits, or surpluses) and monetary policy (what happens if the Federal Reserve Bank increases or lowers the Federal Funds Rate). It is my objective that, by the end of the course, everybody is able to critique articles on economic issues in publications such as The Economist, the Financial Times, or the New York Times using good economic intuition and knowledge.
2. Instructor

A few words about myself. My name is Juan Rubio-Ramírez. I am Spaniard and received my undergraduate degree in economics from UAB in Barcelona, Spain. I got my Ph.D. in Economics from the University of Minnesota. My own research focuses on the formulation, computation, and estimation of dynamic equilibrium models.

Your success in this class is important to me. Therefore, I want to be available for your questions as much as possible. You can always ask questions in or after class. In addition, I will hold regular office hours in my office in the Social Sciences building. I am also available for office hours by appointment. You can also reach me via phone at (919) 660-1865 or via e-mail at juan.rubio-ramirez@duke.edu. I usually answer questions via e-mail within half a day.

Your feedback about the course is key. If there is something about the course you think can be improved, please let me know. We are in this together and the higher the quality of the class, the better for all of us. Talking with me or writing an e-mail are preferred, but not unique, forms of feedback.

3. Readings

MACROECONOMICS (5th edition) by Stephen D. D. Williamson is the course textbook. I will post additional material, homeworks, and announcements on the Blackboard web page for the class. This material is important and you should read it. You should know how to use Blackboard to access all that material. The Library provides tutorials and help in case you are not familiar with Blackboard.

Finally, please try to keep informed about what is going on in the economic world by reading publications such as The Economist, the Financial Times, or the New York Times. I will try to address current economic events from time to time, and discussing them is much more productive if you have heard about the news beforehand.

4. Course Requirements and Grades

My own experience is that students learn more if they keep constant attention to the material in the course. I think that the best way to get that result is through 3 tests, one approximately every four weeks of class. The test will be done during regular lecture hours and should take all the lecture time. They will be include short questions and exercises. Before each test, I will post on the class web page a “representative test” with an answer key so you will have a better idea of what to expect. Each test will be worth 20 points. There will be NO final.
In addition there will be 3 homeworks, each of which will be worth 10 points. The homeworks are due at the end of the lecture. NO excuses will be allowed for late homeworks except by the proviso below regarding personal issues.

The tests and homeworks will be graded and handed back during the next lecture or the one after that. If you have complaints about the grading, do the following. **Within 1 week** after the test was returned, hand back to me your graded test and a written statement explaining your complaint (i.e., which question you think was graded wrongly and why you think it was graded wrongly). I will then regrade the whole assignment. Note that there will be *reformatio in peius*: there is no guarantee that, after the test has been regraded, your score will be higher than before and it may be lower. A week after the test has been returned the scores cannot be changed anymore and no further complaints will be accepted.

5. Grading Standards

Students taking the course for a letter grade will receive grades from A through D or an F. Students that take the class on a Pass/Fail basis need at least a D+ to pass the class.

Poor performance is not a valid reason for an incomplete (I). An incomplete is given only under exceptional circumstances and requires satisfactory completion of a substantial part of the course. Any incomplete must be arranged **before** April 1st.

The mapping of points into letter grades is given by:

<table>
<thead>
<tr>
<th>Points Achieved</th>
<th>Letter Grade</th>
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<tbody>
<tr>
<td>86 - 90</td>
<td>A +</td>
</tr>
<tr>
<td>82 - 85.75</td>
<td>A</td>
</tr>
<tr>
<td>78 - 81.75</td>
<td>A -</td>
</tr>
<tr>
<td>74 - 77.75</td>
<td>B +</td>
</tr>
<tr>
<td>70 - 73.75</td>
<td>B</td>
</tr>
<tr>
<td>66 - 69.75</td>
<td>B -</td>
</tr>
<tr>
<td>62 - 65.75</td>
<td>C +</td>
</tr>
<tr>
<td>58 - 61.75</td>
<td>C</td>
</tr>
<tr>
<td>54 - 57.75</td>
<td>C -</td>
</tr>
<tr>
<td>50 - 53.75</td>
<td>D +</td>
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<tr>
<td>46 - 49.75</td>
<td>D</td>
</tr>
<tr>
<td>less than 46</td>
<td>NP</td>
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</tbody>
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Note that I do not curve grades. If every student deserves an A+, then I will only give A+. But there is only one way of receiving a good grade in this class, and that is to earn it by working hard.

6. Content of the Course

This is an outline of the topics that I intend to cover and the dates where I intend to do so. The list of topics may be revised during the course as I may not be able to cover all the material. Test and homework dates will be NOT changed.
7. Religious Holidays

Students are permitted by University policy to be absent from class to observe a religious holiday. This policy reflects the University’s commitment to being responsive to our increasing diversity and to enabling students’ spiritual development. Accordingly, Trinity College and the Pratt School of Engineering have established procedures to be followed by students for notifying their instructors of an absence necessitated by the observance of a religious holiday.
Students who miss class to observe a specified religious holiday are expected to make prior arrangements with their instructor to make up any work missed. If an instructor is unable or unwilling to grant the request, the student should consult his or her academic dean. Please, follow this link for the necessary forms http://t-reqs.trinity.duke.edu/religiousholidays.html. But it is important to remember that given the time limitations inherent in completing end-of-semester assignments or making up a missed final exam, this procedure cannot be used during the final exam period. You are expected to take final examinations at the scheduled times and to complete end-of-semester work by the deadlines set by the instructor. In the event that a religious holiday should fall during exam week, contact your academic dean well before the scheduled assignment or exam.