Econ 210D: Intermediate Macroeconomics
Duke University, Fall 2016

T, TH 1:25 PM–2:40 PM, Soc. Sci. 139

MIDTERM EXAM: Thursday, OCTOBER 20

FINAL EXAM: Thursday, DECEMBER 15, 7:00 PM - 10:00 PM

Professor: Dr. Michelle Connolly

Email: mconnoll@duke.edu (for direct communication only)
Phone: 919-660-1819
Office: 207 Social Sciences Building

Appointments: https://michelleconnolly.acuityscheduling.com/schedule.php

Head TA: Adam Bergeron

Teaching Assistants: Section TA
1 Kai Yu Lee
2 Julia Kahky
3 CANCELED
4 Kai Yu Lee
5 Congshan Zhang
6 Julia Kahky
7 Levi Crews
8 Taehoon Kim


Prerequisites: 1. Economics 1, 1A, 1D, or 101D;
2. Economics 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** (even with a STINF). If you are sick during class, you may submit your problem set by email to Adam Bergeron (Head TA) *BEFORE* the end of class and only if you have already submitted a STINF. Explanations determine grades. You may email Adam Bergeron to ask for clarification of a question. *You may NOT ask for help from any TAs or myself in answering your problem set questions.*

Problem sets are returned in section so write your SECTION # 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 1. Date: Aug 30*  
Economic Modeling and Data  
Short Run vs. Long Run  
Classical Economics (Chapter 1)

II. **Robinson Crusoe**  
*Lecture 2. Date: Sept 1*  
Leisure and Consumption in a Static Model  
Substitution and Wealth Effects (Chapter 2)

III. **Credit Markets, Leisure and Consumption in a Dynamic Model**  
*Lectures 3-5. 2.5 Lecture Dates: Sept 6-13*  
Intertemporal Substitution Effects  
Theories of the Consumption Function  
Aggregate Supply and Demand Functions (Chapter 3)

IV. **Money Demand**  
*Lectures 6-8. 3 Lecture Dates: Sept 15-22*  
Chapters 4 and 17

V. **The Basic Market Clearing Model**  
*Lectures 9-10. Lecture Dates: Sept 27-29*  
Neutrality of Money (Chapter 5)

VI. **Inflation**  
*Lectures 11-13. Lecture Dates: Oct 4-13*  
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. THURSDAY, OCTOBER 20.**

VII. **Investment, Firm Behavior, and Business Cycles**  
*Lectures 15-16 Target Lecture Dates: Oct 18, 25, 27*  
Chapter 9
VIII. **International Economics**  
*Lectures 17-18. Target Lecture Dates: Nov 1-3*  
- 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**  
*Lectures 19-23. Target Lecture Dates: Nov 8 - 22*  
- 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**  
*Lectures 24-27. Target Lecture Dates: Nov 29 –Dec 8*  
- Conditional Convergence of Incomes across Countries and Regions.  
- Technology and Technological Progress.  

Required Readings:  

XI. **Beyond Perfect Competition: Monopolistic Competition**  
*Lecture 28. Dec 8*  
- 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.