

**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](mailto:econ210help@duke.edu)**

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**Text:** Barro, Robert. *Macroeconomics*. Fifth Edition. Cambridge, Massachusetts, The MIT Press. (1997).

**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.**

<b>Grading Scheme:</b>	Problem Sets ( $\approx$ 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 <i>significant</i> 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](mailto: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*

The Solow Model. Endogenous Growth Models.  
Conditional Convergence of Incomes across Countries and Regions.  
Technology and Technological Progress.

Required Readings:

Hall and Jones (1997), "Levels of Economic Activity Across  
Countries", AER 87 (2): 173-177.

Dollar and Kraay (2002), "Growth is Good for the Poor", JEG 7 (3):  
195-225.

Acemoglu *et al.* (2001), "The Colonial Origins of Comparative  
Development: An Empirical Investigation", AER 91(5): 1369-  
1401.

Rodrick *et al.* (2004), "Institutions Rule: The Primacy of Institutions  
Over Geography and Integration in Economic Development",  
JEG 9 (2): 131-165.

**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.

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