

ECO 209 Intermediate Macroeconomics
Summer 2013 ◊ TWR 5.45-8.35 PM ◊ Room: Dewey 2110D

Instructor: Tiago Tavares

- Office hours: Friday 3.00-4.00 PM in Harkness 116 A/B
 - In case of an emergency, I can arrange a different meeting time (contact me by email in such a case)
- Email: ttavares@mail.rochester.edu

Teaching assistant: This course does not have a teaching assistant. All questions and appointments should be directed to me.

Course Webpage: The course webpage can be located through Blackboard (<http://my.rochester.edu>). If you cannot access the site, please let me know. Announcements, homework assignments, and course materials will be posted online.

Course Description: This course analyses basic models of income determination which attempt to explain how macroeconomic variables such as the price level, interest rate, level of output and employment are related. The main division line of the subjects covered is set between the long and short term: the first dealing with economic growth theory, and the later with economic fluctuations. Monetary and fiscal policies are discussed within that framework, and competing theories are compared. Concepts of national income accounting and measurement of employment are introduced. A few questions we are answering during the course include:

- Why are current average living standards in the US so much higher today when compared with, say, 1913?
- Why are current average living standards in the US so much higher than in most of the rest of the world?
- Which factors explain these differences in average living standards? Technology? Education? Other?
- Why is the US economy subject to economic fluctuations? Should we care? What policies should the government follow?
- What cause the 2007-2009 Great Recession, and is the government responding to it correctly?

Prerequisite: ECO 207 Intermediate Microeconomics or the equivalent.

Textbook: Lectures for this course will follow the chapters in the textbook *Macroeconomics, Charles I. Jones, 2nd edition*. Additional reading materials may be given to you from other sources. Additional reading materials may be given during the classes and include articles from other sources.

• **Additional Recommended Readings:**

- How to grow, The World Economy, Special Report, *The Economist*, Oct. 9th 2010
- Time to rebalance, America's Economy, Special Report, *The Economist*, Apr. 3rd 2010
- Pedaling prosperity, China's Economy, Special Report, *The Economist*, May 26th 2012
- Labor Markets and Monetary Policy, Kocherlakota, *The Region*, Fed of Minneapolis, Jun. May 2011
- Chronic Sovereign Debt Crises in the Eurozone, 2010-2012, Arellano, Conesa, and Kehoe, *The Region*, Fed of Minneapolis, Jun. 2012
- A Promising Parable, Arellano, Kehoe, and Bai, *The Region*, Fed of Minneapolis, Dec. 2012

Assessment: Course grades will be based on the following.

- 2 exams: One midterm weighted at 30% of the final grade, and a cumulative final exam weighted at 55%
- 3 assignments: each assignment weights 5% to a total of 15% of the final grade
- Class attendance/participation: These are not subject for assessment but is recommended for your own benefit

Additional information: All exams are closed-book and cover all material through the immediately preceding lecture, unless you are given different instructions.

- If you will be absent from the midterm, you must contact me by e-mail before noon on the date of the exam.
- If you will be absent from the final for a reason that can be anticipated now, you should drop the course. (ECO209 is offered every semester and in the summer.) If you will be absent for reasons that could not have been anticipated, you must contact me by e-mail before the time of the exam. If you do not take the final, your grade for the course will be an F, independent of how you have performed in the rest of the class. Non-medical excuses will need to be extremely good to warrant any absence being excused.

Course Roadmap: Table 1 (next page) shows the planned course roadmap. Recommended readings for each lecture will be uploaded into the webpage before the class.

Table 1: Planned course work

Date	Class	Topic	Chapters	Observations
21-5	1	rules; intro and measurement of the macroeconomy	1; 2	
22-5	2	economic growth; production function	3; 4	
23-5	3	Solow growth model	5	problem set 1
28-5	4	Solow growth model; ideas growth model	5; 6	
29-5	5	topics in employment	7	
30-5	6	topics in inflation	8	deadline for ps 1
4-6	7	review session: the long-run		
5-6	8	midterm		
6-6	9	economic fluctuations; AS/AD model	9; 13	problem set 2
11-6	10	IS curve and fiscal policy	11	
12-6	11	IS-MP model	12	
13-6	12	Philips curve	12; 13	deadline for ps 2; problem set 3
18-6	13	stabilization policy	13	
19-6	14	explaining the great recession	10; 14	
20-6	15	US government macroeconomic policies	17	deadline for ps 3
25-6	13	international trade; review	18	
26-6	14	review session: short and long-run		
27-6	15	final Exam		Enjoy Summer!