

ECON 82B: Macroeconomic Theory

Daniel Diaz

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Class Hours: Monday/Tuesday/Thursday 8:30am-11:00am (EST)

Office Hours: Wednesday, 9:00am-11:00am (EST)

Course Description

This course provides an introduction to macroeconomic theory. It is intended to develop models to study key variables such as output, unemployment, inflation, interest rates and exchange rates, among other. A general distinction between the short run and the long run will be made. In this course, we will develop models for understanding economic growth, unemployment, inflation, interest rates, and exchange rates in the long run and the short run. The course will also focus on the role of government policies designed to promote economic growth in the long run and limit the impact of business cycle fluctuations in the short run.

Faculty

- Daniel Diaz
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Prerequisites

Two semesters of introductory economics (Economics 2a and 8b or 10a and 20a) are required to take this course. Knowledge of calculus at the level of Math 10a is also required. Every student taking Econ 82b must have either: (a) completed Math 10a with a grade of C- or better, or (b) scored at least 4 on the AP Mathematics AB test or at least 3 on the AP Mathematics BC test, or (c) passed a placement exam which the economics department administers at the beginning of each semester. Please speak to me if you have questions about the prerequisites. While the course instructors can refresh memories on the prerequisite materials, we will not serve as a substitute for the prerequisites.

Course Objectives

After this completing this course, students will understand

1. The fundamentals of theoretical models of the macro-economy which will be extended in intermediate and upper-level courses,
2. How the availability of capital and labor affect a country's standard of living.
3. The basic macroeconomic principles used to evaluate economic policies
4. The key determinants of unemployment and inflation in the long run.
5. How government policy affects unemployment and inflation in the short run.

Recommended Textbook

- Mankiw, N. Gregory (2022) *Macroeconomics*, McMillan, 11th edition.
- We will mostly follow the textbook but taking good lecture notes is necessary for success in this class.

Course Structure

This plan is tentative. Depending on our pace, we may not cover all of these topics, and the number of lectures on each topic may vary.

- Lecture 1 (6/03/2024): Introduction, Ch.1 and Ch.2
- Lecture 2 (6/04/2024): Fred Data and Ch.3
- Lecture 3 (6/06/2024): Ch.6 and practice problems
- Lecture 4 (6/10/2024): Ch.8 and Ch.9
- Lecture 5 (6/11/2024): Ch.10 and Lucas (1990), "Why Doesn't Capital Flow from Rich to Poor Countries?", *AER*, Vol. 80, No. 2.
- Lecture 6 (6/13/2024): Ch.4 and Ch.5
- Lecture 7 (6/17/2024): Ch.7 and Ch.11
- Lecture 8 (6/18/2024): Ch.12 and Ch.13
- Lecture 9 (6/20/2024): Ch.14 and Ch.15
- Lecture 10 (6/24/2024): Ch.17, Ch.18 and Ch.20
- Lecture 11 (6/25/2024): **Student's Presentations**
- Lecture 12 (6/27/2024): **Course wrap up (Theory)**

- Lecture 13 (7/01/2024): **Course wrap up (Practice)**
- Lecture 14 (7/02/2024): **Study Day**
- Lecture 15 (7/04/2024): **Final Exam**

LATTE

The home page for this course is available through LATTE. Announcements, problem sets, and additional handouts will be posted on this page. You are encouraged to check the course home page regularly.

Examinations

The final examination is currently scheduled for 7/04/2024 and will be closed book. An early final will NOT be given. The exam will be given during the class schedule.

Problem Sets

There will be regular written assignments in the course. These problem sets are required. Problem sets are practice for the examinations; students can expect that some questions on the examinations will be quite similar to those previously seen on problem sets.

There will be 4 problem sets with due dates as follows:

- Problem Set 1: 6/10/2024 (11:59pm, EST)
- Problem Set 2: 6/17/2024 (11:59pm, EST)
- Problem Set 3: 6/24/2024 (11:59pm, EST)
- Problem Set 4: 7/1/2024 (11:59pm, EST)

Problem sets will be submitted and graded on Gradescope. While you are encouraged to discuss the problems with others, you are expected to answer problems on your own. Resist the temptation to copy someone else's answer. More generally, you are expected to be familiar with and to follow the University's policies on academic integrity (see <http://www.brandeis.edu/studentaffairs/srcs/ai/index.html>). Instances of alleged dishonesty will be forwarded to the Department of Student Rights and Community Standards for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University.

Presentations

The student will present one economic paper assigned by the instructor and a short economic article of the student's selection from the Economist. At the beginning of the course, I will distribute the papers to be presented for each student.

Grading Policy

Letter grades in the course will be determined by the instructor. The weights are: 30% for the final examination, 40% for assignments and course participation, 20% for paper's presentations and 10% for the short article presentation.

Disabilities

If you are student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see Professor Diaz immediately.

Course Rules

- **Late assignments will not be accepted.** Once solutions have been posted (usually immediately after class on the due date) problem sets will no longer be accepted and a grade of zero will be given for any missing assignment.
- **There will be no make up exams or problem sets.** I understand that sometimes there are circumstances that may prevent you from handing in a problem set on time or attending an exam. Please contact me in advance to better resolve this potential situation.
- **Attendance is mandatory** and will be recorded each class. **If the student is absent in 3 or more lectures**, I will contact your program coordinator to inform this situation.
- If you have to miss a lecture, please be sure to get lecture notes from one of your classmates, and please don't hesitate to come to office hours if you have any questions.
- Please mute your microphone before entering the Zoom meeting.