

# INTERMEDIATE MACROECONOMICS

ECO 209

Summer 2022

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<b>Instructor:</b>	Xiaonan Ma (Steve)	<b>Time:</b>	TWR 5:45–8:35 pm
<b>Email:</b>	<a href="mailto:xma22@ur.rochester.edu">xma22@ur.rochester.edu</a>	<b>Location:</b>	<a href="#">Goergen Hall Room 109</a>

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**COURSE DESCRIPTION.** Macroeconomists use models to describe aggregate economic phenomena, primarily long-term growth and short-run fluctuations. These models allow us to understand the causes of the observed phenomena, to predict the effects of policies (such as monetary and fiscal policy), and to suggest optimal policy interventions. This course will introduce you to the main macroeconomic models and their applications, as well as provide a framework for thinking about the macroeconomic events and trends both for the domestic and the global economy. This course will provide you with skills essential for the study of higher-level macroeconomic courses.

**LEARNING OUTCOMES.** The objective of the course isn't just to teach you knowledge of key macroeconomic principles and workhorse models. The ultimate goal is to help you develop several critical thinking skills that successful application of macroeconomic ideas in real life as well as further study of macroeconomics both rely on. In particular, at the conclusion of the course, students will be able: i) to select the most appropriate model for the macroeconomic issue at hand and to solve it to obtain the qualitative and quantitative predictions of interest; ii) to identify its critical assumptions, mechanisms, and implications; iii) to contrast its assumptions, mechanisms, and implications with those of alternative models; iv) to discuss its limitations and propose extensions.

**SCHEDULE.** The class is from May 17 to June 23 on Tuesdays, Wednesdays, and Thursdays at 5:45 pm in [Goergen Hall Room 109](#). For those who cannot attend in person, the zoom meeting ID is 945 9468 7432.

**PREREQUISITES.** Intermediate Microeconomics (ECO 207) is required, as microeconomic models provide the foundation that most macro models build on. Calculus I (MTH 141 or alternatives) is strongly recommended—basic understanding of derivatives and maximization at the very least.

**REQUIREMENTS AND GRADING.** Final grade consists of 2 Homework and 3 Exams. Please check the tentative agenda in the [Google Calendar](#).

1. **Homework: 10%.** There will be 3 homework but you are required to submit only 2 of them (if you submit all of three, the grade will be the sum of the best two). The homework will give you practice in solving macroeconomic models and interpreting their results. You can ask and help your classmates, but you must send the homework individually in **pdf** to my email. You need to show work (how you reach the answer) to get full credit. You are encouraged to acknowledge your classmate if he/she helps in your answers. The acknowledgement will not affect the grade of anyone. If you submit a photo of a handwritten solution, please make sure that everything is perfectly legible. Late submissions will be absolutely **NOT** accepted.
2. **Exams: 90%.** There will be 3 closed-book exams (30% each). The questions will be similar in spirit to those asked in the homework. Each exam will cover all lectures before it (including the ones before the previous exam).

**OFFICE HOURS.** I will hold the office hour every week during the class time in the classroom. If you have any questions about the material or the homework, you can stay and ask me after the lecture. If you have a concern and prefer to discuss in private, email me and we will set up a one-on-one meeting instead.

## TENTATIVE CONTENT.

1. Overview of Macroeconomics, Economic Models
  - Questions macroeconomists study
  - Economic models: how to use them, and how not to
2. Measurement
  - Macroeconomics variables
  - Business cycle measurement
3. A One-Period Model
  - Representative Consumer/Firm
4. Labor Market
  - Labor market measurement & facts
  - The Bathtub model
  - The DMP model
5. Economic Growth
  - Growth facts
  - Malthusian/Solow/endogenous model
6. The Intertemporal Model
  - Consumption-saving decision: microeconomic foundations
  - Government
  - Equilibrium
7. Bank, Money, and Prices
8. Simple Models in The Short Run
  - IS curve
  - AD-AS Framework
  - Stabilization Policy
9. Business Cycle Models
  - The Real Business Cycle model
  - The New Keynesian model
  - DSGE
10. International Economics
  - International Trade
  - International finance

**MATERIALS.** Readings of this course include my lecture notes, recommended articles, and some textbooks. The content of my lectures will partly overlap with the 6th Edition of *Macroeconomics* by Stephen Williamson, and the 4th edition of *Macroeconomics* by Charles Jones. Other good textbooks for your reference: *Macroeconomics: A Modern Approach* by Robert Barro, and *Macroeconomics* by Acemoglu, Laibson, and List.

**ACADEMIC HONESTY.** All assignments and activities associated with this course must be performed in accordance with the University of Rochester's [Academic Honesty Policy](#).

**DISABILITY RESOURCES.** The University of Rochester respects and welcomes students of all backgrounds and abilities. In the event you encounter any barrier(s) to full participation in this course due to the impact of a disability, please contact the Office of Disability Resources. The access coordinators in the Office of Disability Resources can meet with you to discuss the barriers you are experiencing and explain the eligibility process for establishing academic accommodations. You can reach the Office of Disability Resources at: [disability@rochester.edu](mailto:disability@rochester.edu); (585) 276-5075; Taylor Hall.