Course Information and Syllabus

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Lecture: Wednesdays, 6:00-8:45 p.m., in BOB 207

Course Description

Macroeconomics is the study of the economy as a whole. We will develop a set of models which will help us understand what determines the rates of economic growth, unemployment, and inflation, over both the short run and the long run. We will also use these models to analyze the effects of government policies. The course will encompass materials covered in intermediate undergraduate and first-year Ph.D. course.

Text and Other Sources of Information

The course will primarily follow lecture notes, which will be available on the course Blackboard page (at blackboard.jhu.edu). Two books, available as optional purchases from the bookstore, bracket the course in difficulty level: N. Gregory Mankiw, Macroeconomics, 8th edition, Worth Publishing, and David Romer, Advanced Macroeconomics, 4th edition, McGraw-Hill Irwin. In the course schedule below, I list chapters from these two books that correspond to the topics covered, as well as additional optional readings.

For a refresher on mathematics, see Edward T. Dowling’s Schaum’s Outline of Mathematical Methods for Business and Economics, McGraw-Hill Professional.

You may also find it of interest to follow current news events and see how the models discussed in this course help—or fail to help—explain them. The best economics coverage is in The New York Times, The Wall Street Journal, The Financial Times, and The Economist magazine. The Economic Report of the President (available at http://www.whitehouse.gov/cea/pubs.html) discusses current policy issues and is a good source of data. Another good online data source is the St. Louis Fed’s “FRED II” website (http://research.stlouisfed.org/fred2). Greg Mankiw’s blog (http://gregmankiw.blogspot.com) has interesting links to economic analysis of current events and policy issues.

For examples of how these models are used in policy, see the World Bank’s World Development Report, and the materials prepared for past FOMC (Federal Reserve) meetings at http://www.federalreserve.gov/monetarypolicy/fomc_historical.htm.
Course Requirements and Grading Policies

The course grade will be determined by two midterms, a final, and five problem sets, whose scores will be averaged together with the following weights:

- Midterm 1: 25 percent
- Midterm 2: 25 percent
- Final: 40 percent
- Problem Sets: 10 percent.

The midterms will be 80 minutes long and will be held in class on February 27 and April 3. The second midterm will only cover material since the first midterm. There will be a brief lecture after both midterms. The final exam will be held in the last class session, on May 1. It will be comprehensive.

There will be several short problem sets. You will receive half credit for simply trying all the problems and handing them in. You may work together on the problem sets, but please write up and submit your answers separately.

If you are aware that you will need to be absent for an exam, please e-mail me. If you miss an exam and did not contact me beforehand, please do so as soon as possible. I will automatically excuse absences in cases of serious illness or family emergency, and will evaluate other requests on a case-by-case basis. There will be no make-up exams; if you are excused for an exam, your course grade will be determined by a weighted average of the remaining two exams and the problem sets. If you are not excused, your grade for that exam will be the lowest score achieved by other students on that exam, less one point.

If you believe your exam has been graded incorrectly, please resubmit the entire exam to me within one week of your receipt of it for re-grading. The exam must stand on its own: I will not accept new explanations of what you meant to say, as I do not think that would be fair to other students who did not have such an opportunity. The entire exam will be re-graded. Your final score for the exam will be the average of your original score and the new score, and thus may be either higher or lower than your original grade. I will fix errors in the adding up of your score immediately, without going through the procedures detailed above.
Schedule

The following is an approximate schedule of the topics to be covered during each class. The schedule is subject to change, but the exam dates are firm. Relevant chapters of Mankiw and Romer (denoted M and R, respectively) and other optional readings appear after each lecture. The other readings frequently go beyond the scope of this class, and are given here as references for those interested in pursuing the topics further.

January 23: Introduction; Data and Methodology; Review of Simple Models of the Long Run

M: Chapters 1-5
R: Introduction
Other:
  • For more information on the CPI, see: [http://www.bls.gov/cpi/cpifaq.htm](http://www.bls.gov/cpi/cpifaq.htm).
    For more information on labor market measurement, see: [http://www.bls.gov/ces/#faq](http://www.bls.gov/ces/#faq).

January 30: Simple Long-Run Models (continued); Economic Growth

M: Chapters 8-9
R: Chapters 1, 3-4
Other:

February 6: Economic Growth (continued)

See previous class for readings.
February 13: Unemployment in the Long Run

M: Chapter 7
R: Chapter 10
Other:

February 20: Money, Prices and Inflation in the Long Run

M: Chapters 4-5
R: Chapter 11, Sections 1, 2, and 9
Other:

February 27: Midterm Exam #1. The Open Economy in the Long Run

M: Chapter 6
Other:
March 6: Simple Models of the Short Run

M: Chapters 10-14
R: Chapter 6, Part A
Other:
• For its influence on much of modern macroeconomics, it is worth reading Keynes’s *The General Theory of Employment, Interest, and Money*. Hicks’s article “Mr. Keynes and the Classics” presents the first version of the IS-LM model.

March 13: Simple Models of the Short Run (continued); Dynamic Short-Run Models

M: Chapter 15
R: Chapter 6, Part B, and Chapter 7
Other:

March 20: No Class—Spring Break.

March 27: Monetary and Fiscal Policy

M: Chapters 18, 19
R: Chapter 11, Sections 3 and 7, Chapter 12, Section 1
Optional:
• For some recent evidence on the economic effects of tax changes, see Romer, Christina D. and David H. Romer (2010). “The Macroeconomic

April 3: Midterm Exam # 2. Consumption and Intertemporal Choice

M: Chapter 16  
R: Chapter 8  
Other:  

April 10: Consumption (continued);  

See previous class for readings.

April 17: Money, Banking, and Financial Markets

M: Chapters 17, 20  
R: Chapter 9, Epilogue  
Other:  

April 24: Money, Banking, and Financial Markets (continued); Conclusion.  

See previous class for readings.

May 1: Final Exam.