Macroeconomic Theory
Brandeis ECON 82B 2
Fall 2018
Prof. Jean-Paul L’Huillier

General Description
This is an intermediate undergraduate course in macroeconomic theory. Its aim is to provide students with basic knowledge of the macroeconomic events that have shaped the discussion since macro was born as a distinct field in economics about a century ago; with a basic understanding of the mechanisms driving the business cycle and producing economic growth; and with a sense of the working of policies aimed at steering economies and improving well being.

Macroeconomics has become an exciting field in recent years. Roughly twenty to ten years ago, it felt like we understood how “the economy works.” However, since the 2008 global financial crisis, a series of important events have shaken the consensus and the conventional wisdom has been deeply questioned. I will use this unique historical opportunity to generate interesting discussions during class.

Prerequisites
Two semesters of introductory economics (ECON 2A or 10A and 20A) are prerequisites for this course. It is assumed that students know univariate calculus. Although not required, it is expected that most students have taken (or will take) the companion course in microeconomics, ECON 80A. To avoid difficulties with the material (especially the more technical problems in problem sets, quizzes and final exam), make an effort to take ECON 80A if you have not taken it already.

Textbook and Readings
The textbook for this course is:

Blanchard, Olivier. "Macroeconomics"
Pearson; 7th Edition (May 29, 2016)
This textbook is required.

Macroeconomics is a highly pragmatic and real-world oriented field. This is the spirit of the textbook. With the same objective, during class we may sometimes slightly deviate from the textbook content by making concrete references to reality and even current events. To this end, we shall rely on different materials, such as videos, podcasts, blogs, etc.

You will not be held responsible for the content of this out-of-the-book materials. However, these materials will provide motivation and may help you internalize the sometimes dry content of the book (which mostly will take the form of data and simple mathematical models.)

On top of the required reading of the textbook, you will find that your understanding of both current events and economic analysis will be bolstered by the regular perusal of The Economist, the Financial Times, and The Wall Street Journal. Limited reading of blogs can be useful as well. However, at this early stage you will need be wary, as many of them contain highly politicized, misinformed, and misleading material. If you would like to have my opinion on a particular blog post or any other online material, do not hesitate to ask.

**Teaching Staff**

Prof. Jean-Paul L’Huillier  
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Location: TBD  
Office: TBD  
Office Hours: Fri 3-4pm, by appointment

Teaching Assistant  
TBD  
Time: Thu 6:30-8:20 pm  
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**More on the Content, and the Role of Problem Sets**

With the goal stated above, we shall cover a wide range of questions, for instance:

- What are the origins of economic growth? Is it due to population growth, to new technologies, or to other factors?
- How does government policy affect unemployment and inflation?
- What are recessions, what causes them, and what can be done about them?
- How does one analyze and present macroeconomic data?
In order to address these I will develop classic methods of macroeconomics. You can immediately imagine that the questions macroeconomists ask are extraordinarily difficult. Accordingly, the methods of macroeconomics are very creative, yet many times challenging. With this in mind, and given our limited time, we will be target a balance between rigor and “real life” intuition.

Concretely, as in most of economics, we will work through several models. An economic model is a mathematical representation of the behavior of some variables of interest. Most of the models we will see are fairly simple, but subtle, so many times truly understanding them can be challenging. It is therefore important that you take the time to go through them by yourself. To this end, I will provide you with several problem sets. Try first solving them by yourself, and then discuss your solutions in small groups for further insight. Success in this 4 credit course is based on the expectation that students will spend a minimum of 9 hours of study time per week in preparation for class (readings, papers, recitation sessions, preparation for exams, etc.)

It is important to emphasize that problem sets are “battling practice” for the final examination; students can expect that some questions there will be quite similar to those previously seen on problem sets. So, in order to prepare effectively, please make sure you are able to solve them individually.

Teaching Assistants, Role of Recitation Sessions, and Class Materials

The TA assigned to this course is TBD. He/she will collect your solutions to assignments, grade them, and post solutions. He/she will hold weekly office hours and recitation sessions to cover material from the course, answer questions raised by students, explain solutions to problem sets and quizzes. The sessions before the final exam will focus on review.

Course announcements, slides, assignments, suggested solutions, handouts, and additional optional materials (such as additional readings) will be posted on the LATTE system.

Requirements For Credit

There are 5 requirements, listed below. In parentheses you can see the weight each of them carries towards the final score.

1. Active participation in class and recitations (5%). Asking questions or intervening in class discussion will be rewarded and will help you internalize the material. When you speak up in class, at the end of the class send an email to the TA stating the number of interventions. This will allow us to keep track of class participation. You have 24hrs after the end of the class to send the email. An email received after this deadline will not count.
2. Problems sets (20%), in total 3. These will give you an idea of the questions asked in the quizzes and in the final exam.

3. Short paper (10%), due TBD. This short paper consists in a brief study of a macroeconomic issue. Please follow the guidelines to be posted on the class website.

4. Short quizzes, in total 3 (25%). These will be taken in class, each lasting 25 minutes, at the beginning of lectures on TBD, TBD, and TBD. These quizzes will also give you an idea of the questions that will be asked in the final exam.

5. A final exam (40%), in a location TBA, on a date TBA.

An early final will NOT be given. Both the short quizzes and the final exam are closed book.

**Academic Honesty and Disability Policy**

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. This is worse than useless as it is not only a violation of Brandeis University rules but also will lull you into a false sense that you understand the material.

More generally, you are expected to be honest in all of your academic work. Please consult Brandeis University Rights and Responsibilities for all policies and procedures related to academic integrity. Students may be required to submit work to TurnItIn.com software to verify originality. Allegations of alleged academic dishonesty will be forwarded to the Director of Academic Integrity. Sanctions for academic dishonesty can include failing grades and/or suspension from the university. Citation and research assistance can be found at LTS - Library guides.

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 Prof. L’Huillier immediately.

**Topics**

This plan is tentative. Depending on our pace, we may not cover all of these topics. Also, we will adapt the topics covered towards the end of the course to the interests and discussions raised in class.

1. Introduction and a Brief History of Macroeconomic Thought  
   *Chapters 1, 2, 24.*

2. Business Cycles and Economic Policy  
   *Chapters 3–9.*
3. Economic Growth

*Chapters 10–13.*


*Chapters 14, 15, 16, 20, and 21.*

**FINAL EXAM: DATE AND LOCATION TBA**