

**Macroeconomic Analysis: Basic**  
**WWS 512b**  
**Woodrow Wilson School**  
**Princeton University**  
**Spring Term 2007**

**Syllabus**

Mondays and Wednesdays 10:40-12:10

Room: TBA

Course Web Site: [https://blackboard.princeton.edu/pucourse/WWS512B\\_S2007](https://blackboard.princeton.edu/pucourse/WWS512B_S2007)

Professor Esteban Rossi-Hansberg

309 Fisher Hall

Office Hours: Wednesdays 2:00 – 4:00

Phone: (609) 2584024

E-mail: [erossi@princeton.edu](mailto:erossi@princeton.edu)

<http://www.princeton.edu/~erossi/>

Preceptor Carlos Carvalho

Office: Bendheim Center for Finance

Phone: (609) 2580399

E-mail: [cvianac@princeton.edu](mailto:cvianac@princeton.edu)

Precepts: TBA

**Course Description:**

This is an intermediate, non-technical, course in macroeconomics. We will study economic growth and the factors that lead to economic development. We will focus on the determinants of income differences across countries and the role of economic policy in promoting economic growth. We will also study economic fluctuations, or business cycles, in particular their importance and causes and the role of policy in stabilizing them. In the last part of the course we will study monetary and fiscal policy in detail and the arguments and observations that guide these policies in practice.

**Prerequisites:**

The prerequisite is WWS 511b or equivalent. However, no previous exposure to macroeconomics is assumed. I will keep math to the minimum necessary. Students who have already taken an intermediate-level course in macroeconomics should seriously consider taking WWS 512c.

### Course Materials:

The main textbook for the course is

- *Macroeconomics* by Andrew B. Abel and Ben S. Bernanke, Fifth Edition, Addison Wesley. (from now on AB)

In addition you will have to read one books that describes, in non-technical terms, the evolution of ideas on economic growth

- *The Elusive Quest for Growth* by William Easterly, MIT Press. (from now on E)

All other readings will depend on current events and I will distribute them in class or post them in the course website.

### Requirements and Grading:

I will assign 5 problem sets during the semester (the 5<sup>th</sup> one is voluntary). You are encouraged to work in groups and discuss the problems sets with your classmates. The preceptor will grade all problem sets and any questions on the problem sets should go directly to him.

There will be a midterm and a final exam. **The midterm will be on March 14 and the final on May 16** (these dates are preliminary and can be modified by the WWS). Active class participation is strongly encouraged.

Your grade will be calculated according to

- Homework Assignments: 20 percent
- Midterm Exam: 30 percent
- Final Exam: 50 percent

Exceptional class participation can help in marginal cases.

### Course Outline:

This is only a proposed schedule. It may be modified to reflect the actual pace of the course. All readings are required and I will assume that you have read them carefully before the class. Reading all the class materials is one of the most important parts of the course!

February 5: Introduction

February 7: Introduction

February 12: Measuring the Economy

- Readings: AB Chapter 2
- February 14: Measuring the Economy  
Readings: AB Chapter 2
- February 19: Measuring the Economy  
Readings: AB Chapter 2  
Problem Set 1 Distributed
- February 21: Growth and Development  
Readings: AB Chapter 6, E Chapters 1 and 2
- February 26: Growth and Development  
Readings: AB Chapter 6, E Chapters 3 and 4  
Problem Set 1 Due
- February 28: Growth and Development  
Readings: AB Chapter 6, E Chapters 5 and 6
- March 5: Growth and Development  
Readings: AB Chapter 6, E Chapter 7  
Problem Set 2 Distributed
- March 7: Growth and Development  
Readings: AB Chapter 6, E Chapters 8 to 11
- March 12: Growth and Development  
Readings: AB Chapter 6, E Chapters 12 to 14  
Problem Set 2 Due
- March 14: Midterm Exam
- March 17-25: Spring Recess
- March 26: Business Cycles  
Readings: AB Chapters 3, 4, 7, 8, 9, 10
- March 28: Business Cycles  
Readings: AB Chapters 3, 4, 7, 8, 9, 10
- April 2: Business Cycles  
Readings: AB Chapters 3, 4, 7, 8, 9, 10  
Problem Set 3 Distributed
- April 4: Business Cycles  
Readings: AB Chapters 3, 4, 7, 8, 9, 10, Lucas Lecture (Web Page)

- April 9: Business Cycles  
Readings: AB Chapters 3, 4, 7, 8, 9, 10  
Problem Set 3 Due
- April 11: Business Cycles  
Readings: AB Chapters 3, 4, 7, 8, 9, 10
- April 16: Inflation  
Readings AB Chapters 12.3 and 15.4  
Problem Set 4 Distributed
- April 18: Inflation  
Readings AB Chapters 12.3 and 15.4
- April 23: Exchange Rates and the Open Economy  
Readings: AB Chapter 13  
Problem Set 4 Due
- April 25: Exchange Rates and the Open Economy  
Readings: AB Chapter 13  
Problem Set 5 Distributed
- April 30: Exchange Rates and the Open Economy  
Readings: AB Chapter 13
- May 2: Discussion and Questions  
Problem Set 5 Due (Voluntary)
- May 16: Final Exam