

Harvard University
Economics 1010b/1011b: Macroeconomics

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Spring 1995

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This course covers macroeconomics, including such topics as economic growth, economic fluctuations, and monetary and fiscal policy. It is taught at an intermediate level and is aimed at sophomores majoring in economics (although students in other majors are welcome). Economics 1010b and 1011b cover the same topics, with 1011b taking a more mathematical approach. All students are assumed to have already studied microeconomics and macroeconomics at the principles level (Ec 10).

The course has three hourly lectures each week. In addition, each student is assigned to a smaller discussion section, which meets for one hour each week. The course requirements are a midterm exam, a section exam, a final exam, a paper, and regular problem sets.

The primary reading for the course is the textbook *Macroeconomics*, second edition, by N. Gregory Mankiw (Worth Publishers). Also required are *MacroBytes II* by David Weil (the software designed for the text and sold separately) and *Peddling Prosperity* by Paul Krugman (Norton Publishers). All of these are available at the Harvard Coop.

In addition, the workbook to accompany the text is available at the Coop. The workbook is optional. Nothing will be assigned from it.

The lectures will follow the sequence of topics as they are presented in the text. So, in a sense, the text's table of contents is an outline for the course. You should be reading the text as the course progresses. Problem sets from the text and software will be assigned in lecture almost every week. The problem sets will be the basis for discussions in the sections.

The Krugman book is required reading that you can do whenever is most convenient during the term. If you wish, you can read it during the spring reading period. The material in this book will be included on the final exam, but not on the midterm.

Frequently Asked Questions

Should I take 1010b or 1011b?

Economics 1010b and 1011b cover essentially the same material. Economics 1010b uses a somewhat less mathematical approach than Economics 1011b. If you like mathematics and feel comfortable with multivariate calculus, take 1011b. If not, take 1010b.

Do the courses have the same requirements?

Almost, but not quite. The midterm and final exams and the paper are the same. Yet the problem sets will differ. The 1011b problem sets will require the use of more mathematics. In addition, since the supplementary topics covered in section will be somewhat more mathematical in 1011b, the section exams will reflect that difference.

Is one course graded harder than the other?

No. Students in the two courses take the same midterm and final exams and are graded on a common scale.

How is the course graded?

The final exam counts for 40 percent, the midterm 20 percent, the paper 20 percent, the problem sets 10 percent, and the section exam 10 percent.

What is the purpose of section?

Each week in section, you will turn in your problem set, receive your graded problem set from the previous week, receive an answer sheet for the previous week's problem set, and discuss any questions you have on the problems, readings, or lectures. In addition, each section leader will present supplementary material not covered in lecture. This material will be examined in a separate section exam toward the end of the term. Your section leader will also be available during regular office hours to answer your questions.

What is the paper like?

It will be a 5 to 8 page paper. You will be given a list of topics from which to choose. The paper will be due Friday, May 12.

Can my friends and I work together on the problem sets?

Yes. The problem sets are intended to be learning experiences, so feel free to work in groups. Experience shows, however, that it is best to try the problems yourself before discussing them with your study group.

How are the problem sets graded?

They will be graded on a scale of check plus, check, check minus, zero (if not handed in). For calculating your final grade, the lowest two problem set grades will be dropped.

Can I turn a problem set in late?

Absolutely not. No late problem sets will be accepted.

When is the midterm exam?

The midterm exam will be given on Wednesday, March 22. On Friday, March 24, the day before spring break, the teaching fellows will discuss the exam answers during the normal lecture time.

What if I cannot make the midterm?

To skip the midterm, you must have a note from some acceptable authority figure (such as a doctor) explaining your absence. Without an acceptable excuse, missed midterms will be given a failing grade. If you have an acceptable excuse, we will give 60 percent weight to the final examination.

Should I buy the workbook?

It is up to you. If you like doing extra problems to prepare for exams, buy the workbook. If not, buying the workbook is a waste of money.

Optional Reading

If you are interested in the topics in this course, here is how you can learn more. These optional readings are listed by the textbook chapter to which they correspond.

Chapter 4: Economic Growth

Symposium on New Growth Theory
Journal of Economic Perspectives, Winter 1994

Symposium on the Productivity Slowdown
Journal of Economic Perspectives, Fall 1988

Chapter 5: Unemployment

Lawrence Katz, Efficiency Wages: A Partial Evaluation
NBER Macroeconomics Annual, 1986.

Chapter 10: Aggregate Demand

Symposium on the Great Depression
Journal of Economic Perspectives, Spring 1993

Chapter 11: Aggregate Supply

Symposium on New Keynesian Economics
Journal of Economic Perspectives, Winter 1993

Robert Lucas, Understanding Business Cycles
Carnegie-Rochester Conference on Public Policy, 1977

Laurence Ball and Gregory Mankiw, A Sticky-Price Manifesto
Carnegie-Rochester Conference on Public Policy, Fall 1993

Chapter 12: The Macroeconomic Policy Debate

Milton Friedman, The Role of Monetary Policy
American Economic Review, March 1968

Symposium on Monetary Policy of the 1980s
Journal of Economic Perspectives, Summer 1988

Chapter 14: The Theory of Real Business Cycles

Symposium on Real Business Cycles
Journal of Economic Perspectives, Summer 1989

Chapter 16: The Debates over Government Debt

Symposium on Budget Deficits
Journal of Economic Perspectives, Spring 1989

Symposium on Generational Accounting
Journal of Economic Perspectives, Winter 1994

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NOTICE

Regular lecture will not be held on Monday, April 24. On this day in the afternoon, the economics department will hold a symposium on inflation, unemployment, and monetary policy. The symposium will feature noted economists John Taylor (Stanford) and Robert Solow (MIT), who will be followed by a panel of discussants. Lecture is canceled on this day in order to free up some of your time and allow you to attend this symposium, for the topics are closely related to this course. This symposium is not a course requirement, however, and will not be covered explicitly on any exam.

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