Professor: Adrian Peralta-Alva, Ph. D.
Official website for the class: [http://moya.bus.miami.edu/~aperalta/teaching](http://moya.bus.miami.edu/~aperalta/teaching)
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Office hours: Tuesdays and Thursdays from 2:00 p.m. to 3:00 p.m., and by appointment.

**Course objectives and motivation:** Macroeconomics studies the aggregate performance of an economy and its relation to economic policy. The objective of this course is to provide students a thorough knowledge of the principles behind modern macroeconomic theory. Students interested in applied work will find macroeconomics valuable for understanding the national and international environment in which firms operate, allowing them to make informed business decisions. All students are expected to become familiar with the main subjects of frontier macroeconomic research by the end of this course. In consequence, this class is also relevant to students interested in becoming professional economists.

**Course materials:** The textbook for the class is Michael Parkin (2008), *Macroeconomics*, Eighth Edition, Pearson Addison-Wesley. Additional required readings will be available in our website.

**Prerequisites:** Basic algebra skills, knowledge of basic economic principles (at the level of ECO 211) and working knowledge of Microsoft Excel (or any similar spreadsheet, chart-producing software) are all assumed and required.

**Course Requirements and grading policies:** There will be four problem sets, three midterms (only the two highest count towards your grade), and a final cumulative exam. You are responsible for all material covered in class.

The maximum number of points you can obtain is 100, constituted as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Maximum Points</th>
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<tbody>
<tr>
<td>Problem sets (3, 7 points each)</td>
<td>21</td>
</tr>
<tr>
<td>Midterms (2 highest, 17 points each)</td>
<td>34</td>
</tr>
<tr>
<td>Class attendance</td>
<td>5</td>
</tr>
<tr>
<td>Final Exam</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
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The grading scale for this class is given by the University of Miami standard grading scale.
TWO VERY IMPORTANT RULES FOR OUR CLASS:

**Problem sets submitted past the due date will not be accepted and will obtain zero points.**
Only documented special circumstances will exempt you from this rule (e.g. illness). If you fail to submit a problem set because of a valid, documented, special circumstance your problem set score will be based on the problem sets you manage to deliver. If you do not solve any of the problem sets for valid reasons the weight of your final exam will be increased by 20 points. Please do not send your homeworks via email.

**There are no make-up midterms.** Your midterm points will be constructed as the average of the midterms you present. If you miss all midterms because of a valid reason the weight of your final will be increased by 35 points. If you do not take a midterm, and you do not provide a valid justification you will obtain a score equal to zero.

**Academic Ethics:**
Cheating on assignments and exams, or plagiarizing (misrepresenting as one’s own anything done by another) is penalized by the University of Miami. A student found in such a situation will be given an F in the class and will be brought to the Honor Council for further penalties.

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**Preliminary Calendar**

*Miami may be affected by Hurricanes causing class cancellations. The following calendar is only preliminary. However, announced dates may have to be adjusted if major disruptions occur (which may involve new dates for midterms and problem sets).*

Unless otherwise specified the readings below correspond to the textbook

Jan 15 Introduction to Macroeconomics.
  Measuring economic activity and the GDP, Ch 5 (pages 111-118).

PART I. WHY ARE SOME COUNTRIES RICH WHILE OTHERS ARE POOR?

Jan 17 Measuring economic activity and the GDP Ch 5 (pages 118-121).
  Nominal GDP, Real GDP, and the relevance of real quantities for economic Comparisons.

Jan 22 Measuring inflation, Ch 4 (pages 99-102), and Ch 6 (142-145).

Jan 24 Economic growth and living standards, Ch 5 (122-125), Ch 8 (181-191),

  The Neoclassical production function and growth accounting Ch 7 (158-59).
Problems set 1 handed out and published on-line

Jan 29 Growth accounting (class notes).

Feb 5 Why are some countries rich and others poor? – (class notes).

Feb 7 The workhorse of modern macroeconomics: An Introduction to the Solow Growth Model (notes will be published in our website).

Feb 12 The Solow Growth Model: Quantitative analysis and examples.

Feb 14 Problem set 1 is due/ Review session.

Feb 19 First midterm

Feb 21 The Solow Growth Model: Graphical analysis, the economy in the long-run and role of capital accumulation in the process of economic growth.

Feb 26 Solow Growth Model: Conclusions and practice problems.

Feb 28 Investment, saving and the interest rate, Ch 7 (169-73).

Mar 4 Investment, saving and the interest rate (continued).
   The labor market, wages and unemployment, Ch 7 (160-168).

PART II. WHY DO ALL COUNTRIES EXPERIENCE ECONOMICS RECESSIONS AND EXPANSIONS?

Mar 6 The Labor market, wages and unemployment (continued).
   Monitoring cycles, jobs and the price level, Ch 6 (131-135).

Spring Recess: March 8 - 16

Mar 18 Problem set 2 is due/ Review session.

Mar 20 Second midterm.

Mar 25 Aggregate supply, aggregate demand and the short-run macroeconomic Equilibrium, Ch 11.

Mar 27 Aggregate supply, aggregate demand and the short-run macroeconomic Equilibrium, Ch 11. (continued)

Apr 1 Business Cycle Theories (class notes and Ch 13, pages 316-23 and 327-31).
PART III. THE FEDERAL RESERVE BANK

Apr 3 Money, interest, real GDP and the Price level Chapter 9 (216-19).

Apr 8 Money, interest, real GDP and the Price level Chapter 15 (370-84).

Apr 10 Practice Problems.

PART IV. THE IMPACT OF ECONOMIC DISTORTIONS IN THE MACROECONOMY

Apr 15 Problem set 3 is due/ Review session.

Apr 17 Third midterm.

PART V. INTERNATIONAL TRADE

Apr 22 International trade and trade policy, Ch 16.

Apr 24 Final Review session.

Final Exam

Eco 212, section Q (12:30 p.m. to 1:45 p.m.), regular classroom, Friday May 2nd, from 11:00 a.m. to 1:30 p.m.

Eco 212, section S (3:30 p.m. to 4:45 p.m.), regular classroom, Thursday May 1st, from 2:00 p.m. to 4:30 p.m.

1 Final exam schedules are determined by the University of Miami. These dates are preliminary and provided for your convenience. You are responsible for verifying the correct time and place of the final exam.