

PRINCIPLES OF MACROECONOMICS

EC 134

Spring 2021

Instructor: D. Findlay
Office Hours: M and F from 12:55-3:00 and W from 12:55-2:25
[and by appointment]

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Description: The purpose of this course is to introduce you to the major issues and models of macroeconomics. We will begin with a basic understanding of the components of Gross Domestic Product and the measurement of other macroeconomic variables. We will then gradually progress to the study of more complex macroeconomic relationships and models. Issues to be discussed will range from the macroeconomic effects of budget deficits to the effects of changes in technology on economic growth. This course will emphasize the application of concepts and models to a variety of situations. The issues to be discussed will remain important and relevant years after the course's completion. Furthermore, it is the ability to understand these macroeconomic issues which allows individuals to evaluate and to participate in discussions about the actions of their political leaders and policy makers. Note: a more detailed discussion of the course learning objectives is included in the Course Outline.

Prerequisite: Principles of Microeconomics.

Texts: The required text is *Principles of Macroeconomics* (2020), 13th Edition, by Case, Fair, and Oster (hereafter CFO). Additional readings are available as hyperlinks contained in the course syllabus or as pdf files. The syllabus and pdf files can be found on the course's Moodle page. I expect you to read the assigned material before class.

Website: Colby Moodle, Ec 134, Sections C and D (Princ of Macroeconomics)

Grading: Your grade will be determined by one quiz, three semester exams, a final exam, and assigned problem sets. The three mini-exams are worth a combined 52.5% (i.e., 17.5% each); the quiz is worth 9%; the final exam is worth 23.5%; and the problem sets represent the final 15% of your grade. The quiz is scheduled for Wednesday, March 3, during our 2:30-3:30 class. The first exam is scheduled for Friday, March 19 from 4:00-5:00. The second exam will be given on Wednesday, April 14, during our 2:30-3:30 class. The third exam is scheduled for Wednesday, May 5, during our 2:30-3:30 class. The date and time of the final exam will be set by the registrar and be given during the final exam period. **Please make note of these key dates and times.**

NOTE: In the event that all Colby classes become remote where students are required to leave campus for the remainder of the semester (similar to what occurred at Colby in March 2020), I reserve the right to alter how your final grade will be determined by changing the above weights and/or changing the number of exams, quizzes and problem sets/assignments. You will, of course, be made aware of those changes if this situation arises.

Old Exams: Copies of past exams and quizzes can be found on the course Moodle page. Use this material to provide yourself with information about the types of questions asked in this course.

Comments/Suggestions: Success in this course depends on your ability to explain and to apply the concepts presented in class. Specifically, you must be able to explain intuitively the underlying factors that determine the economic relationships included in the models. Simply "memorizing" the material is most likely an inefficient allocation of your time. You should, therefore, read the material carefully, constantly review your class notes, and work through different examples (see below for an example). I strongly encourage you to read early in the semester the document, *Former Student Advice about Macro Principles*, that is available on the course Moodle page.

I have several other suggestions for you. First, when examples are presented in class, make sure you can explain the opposite example (e.g. the output effects of a reduction versus increase in government spending). Second, you should constantly ask yourself the following types of questions during the semester. What does this curve represent? Why does it have its particular shape? What causes the curve to shift? What causes the curve's shape/slope to change? If you can answer all of these questions, you not only will completely understand the mechanics of the model, but also will be able to examine the implications of the model. And finally, the presentation of the material in this course relies heavily on the use of graphs and on an understanding of *basic* high school math (i.e., algebra); therefore, you should

review the material on pp. 15-20 of the text as soon as possible. If you ever have questions about the assigned readings or material presented in class, please do not hesitate to raise them in class or with me during office hours.

My office hours are listed above. I will also periodically hold additional office hours and voluntary review sessions; the day and times will be announced in class and/or emailed to you. If you are unable to meet me at those times, we can arrange to meet at some other time. In addition to the office hours, I have an open-door policy (i.e., if I am in the office, I am available to meet with you). If you are unable to contact me, you can contact Ericka Benayad, the Economics Department Secretary (859-5230), Diamond 346. Finally, if additional meetings are necessary, these classes will be scheduled for Sunday afternoons or evenings and you will be given a one-week notice of these meetings.

Grading Philosophy: Grades in the A range reflect outstanding performance in the course. Students who receive some type of A can answer virtually any type of question about the material. Most importantly, such a grade reflects an ability to *apply* the material to answer a variety of questions. Grades in the B range reflect a solid understanding of the material. Students who receive some type of B completely understand the basic concepts presented and have some success in applying the material. Grades in the C range reflect an understanding of what has been presented and discussed in class. A grade in the C range also indicates that the student has difficulty in applying the material to examine new situations, events and policies. As an aside, I view a grade in the C range as a ‘decent’ grade. Grades in the D range reflect a weak understanding of the basic material. A grade of F reflects little understanding of what has been discussed in class. This description of grades, by the way, is similar to that found on the official Colby transcript (i.e., A = Excellent, B = Good, C = Satisfactory, D = Passed, and F = Failed).

Academic Accommodations: I am available to discuss academic accommodations that any student may require. Please note that you will need to provide me a letter from the Dean of Students Office documenting your approved accommodations. Please meet with me within the first ten days of the start of the semester to make a request for accommodations. Kate McLaughlin, Associate Director of Access and Disability Services (kmclaugh@colby.edu) is the primary contact for accommodations and any questions related to educational testing and documentation.

Attendance Policy: I do not take attendance in any of my classes. However, students are expected to attend all classes and scheduled course events during the semester and are responsible for any work missed. Unexcused absences from either a quiz or semester exam will result in a 0 for that assignment. Late problem sets will NOT be accepted. Obviously, excuses may be granted for the following reasons: critical emergencies (normally verified by the Dean of Students Office), athletic or organizational trips, or illness (normally verified by the College Health Center).

E-mail policy: I will periodically send you email during the semester; therefore, you should routinely check your Colby email accounts (i.e., at least the day before each class). At the same time, e-mail is an inefficient method to respond to student questions about course material. If you have questions about the material, you can ask them during class, after class, during my office hours, or at some other arranged time.

Electronic device policy: Please turn off all electronic devices during class. Also, unauthorized recording of the class (other than using paper and pencil or pen) is prohibited. Failure to comply with either policy may result in the submission of an academic negligence report.

Academic Integrity: I strongly encourage you to work with fellow students since tremendous benefits can be obtained by working with others. At the same time, all work submitted to me must be your own. Plagiarism, fabrication, cheating, and facilitating the academic dishonesty of others are serious offenses. You should, therefore, become familiar with the Colby Affirmation ([The Colby Affirmation](#)) and the College’s policy on academic dishonesty ([Academic Integrity](#)). For more on recognizing and avoiding plagiarism, see: ([Avoiding Plagiarism](#)).

Disruptive Behavior: Behaviors that are disruptive to teaching and learning will not be tolerated. These include, but are not limited to, talking in class, reading materials unrelated to the course, use of electronic devices (see above), coming to class late or leaving early. Behaviors that create a hostile, offensive or intimidating environment based on gender, gender identity, race, national or ethnic origin, color, religion, age, disability, marital status or sexual orientation will be referred to the Dean of Students.

Privacy of In-Class and Online Class Material [read carefully]: A version of the following paragraph was shared by the provost’s office in March 2020 after Colby moved to remote instruction. It is one I now include in all of my courses. You, therefore, are expected to follow the guidelines included here. Please remember to maintain the privacy of your fellow students and your professor (i.e., me). The course syllabus, handouts, assignments, and videos are the

intellectual property of the professor (i.e., me). You may not record (video or audio), distribute, publish, or post any Ec 134 course material. Class discussions of any type are the intellectual property of the professor, you, and your classmates. Therefore, you may not record (video or audio), distribute, publish, or post class discussions and/or review sessions. **NOTE:** Failure to follow any of the above will be viewed as an instance of academic dishonesty and will result in the appropriate consequences.

Colby Liberal Arts Symposium: Colby's Liberal Arts Symposium will occur on Wednesday, April 28. All classes (with, I gather, the exception of labs) will not be held on 4/28. Therefore, we will not meet on Wednesday, April 28. To make up for these cancelled classes on 4/28 (and several classes devoted to the semester exams), I will record several lectures that will be made available to you.

COURSE OUTLINE AND READING LIST

SECTION 1

INTRODUCTION TO MACROECONOMICS

In this section, we will first use some of the basic tools of microeconomics to examine several macroeconomic issues (e.g. saving, investment, capital formation, long-run growth, and the possible crowding out effects of budget deficits). We will then focus on the definition, measurement, and uses of macroeconomic variables. In particular, we will study the measurement of output, the national income accounts (i.e., the relationship between income and expenditures), price indexes (e.g. the Consumer Price Index), inflation, the unemployment rate, and the labor force. We will also discuss the distinction between nominal and real variables and how aggregate price indexes are used to convert nominal magnitudes to real magnitudes.

I. MICROECONOMIC TOOLS AND MACROECONOMIC ISSUES: AN INTRODUCTION

A. Economic Problems, Decisions, Constraints, and Economic Growth

1. Ch. 1 and appendix in CFO, pp. 1-20
2. Ch. 2 in CFO
3. Ch. 6, pp. 108-112 in CFO
4. W. Mears, "Economic Advisers Stick to Basics," Maine Sunday Telegram, 3/31/91. *
5. A. Santomero, "Knowledge is Power: The Importance of Economic Education," Business Review, Federal Reserve Bank of Philadelphia, 2003 Quarter 4, pp. 1-5. *

B. Market Analysis, Financial Markets, and Budget Deficits

1. Ch. 3 in CFO
2. Ch. 4, pp. 74-82 in CFO

II. INTRODUCTION TO MACROECONOMICS: DEFINITIONS AND MEASUREMENT

A. Overview

1. Ch. 5 in CFO
2. Y. Chien, "How Do Americans Rate in Financial Literacy?," On the Economy Blog, Federal Reserve Bank of St. Louis, 9/18/18. [[Chien FRB St. Louis 2018](#)]

B. Measurements of Macroeconomic Activity

1. Ch. 6 and 7 in CFO
2. G. Becker, "Housework: The Missing Piece of the Economic Pie," Business Week, 10/16/95. *
3. E. Nelson, "The Economist Placing Value on Black Women's Overlooked Work," The New York Times, 2/6/21. [[Nelson NYT 2/6/21](#)]
4. *Economic Focus*, "In the Shadows," The Economist, 6/19/04. *
5. J. McGinty, "GDP Doesn't Include Proceeds of Crime. Should it?," The Wall Street Journal, 12/7/19. [[McGinty WSJ 12/7/19](#)]
6. D. Leonhardt, "Why You Shouldn't Believe Those G.D.P. Numbers," The New York Times, 12/16/19. [[Leonhardt NYT 12/16/19](#)]
7. R. Lowenstein, "GDP and Its Enemies," The Wall Street Journal, 6/16/16. [[Lowenstein WSJ 6/16/16](#)]
8. D. Coyle, "Review: Dismal Statistics," The Wall Street Journal, 2/5/18. [[Coyle WSJ 2/5/18](#)]
9. *Economic Focus*, "The joyless or the jobless: Should governments pursue happiness rather than economic growth?," The Economist, 11/27/10. *

10. R. Zhong, "In Bhutan, Gross National Happiness Trumps Gross National Product," The Wall Street Journal, 12/17/15. [[Zhong WSJ 12/17/15](#)]
11. N. Kulish, "What's a Recession? Two Negative Quarters? Not Really," The Wall Street Journal, 1/10/01. [[Kulish WSJ 1/10/01](#)]
12. K. Davidson, "Are We in a Recession? Experts Agree: Ask Claudia Sahm," The Wall Street Journal, 11/4/19. [[Davidson WSJ 11/4/19](#)]
13. M. Mandel, "Inventing the 'Clinton Recession'," Business Week, 2/23/04. *
14. G. Ip, "How a New Inflation Measure Would Raise Taxes on the Middle Class," The Wall Street Journal, 11/16/17. [[Ip WSJ 11/16/17](#)]
15. P. Gramm, and J. Early, "Americans Are Richer Than We Think," The Wall Street Journal, 8/22/19. [[Gramm and Early WSJ 8/22/19](#)]
16. M. Woolhouse, "A government agent, on the prowl for inflation," The Boston Globe, 10/9/12. [[Woolhouse Boston Globe 10/9/12](#)]
17. J. C. McGinty, "What the Unemployment Rate Shows," The Wall Street Journal, 3/5/16. [[McGinty 3/5/16](#)]
18. T. Boesch, R. Gruenwald, R. Nunn, and V. Palmer, "Pandemic pushes mothers of young children out of the labor force," Federal Reserve Bank of Minneapolis, 2/2/21. [[Boesch et al FRB Minn 2021](#)]
19. J. Zumbun, "The First, Forgotten Conspiracy Theory About the Unemployment Rate," The Wall Street Journal, 8/4/16. *
20. S. Murray and C. McWhirter, "Long-Term Unemployment Ripples Through One Town," The Wall Street Journal, 1/18/12. [[Murray and McWhirter WSJ 1/18/12](#)]
21. D. Andolfatto, "Why Do Unemployment Rates Vary by Race and Ethnicity?," On the Economy Blog, Federal Reserve Bank of St. Louis, 2/6/17. [[Andolfatto FRB St. Louis 2017](#)]
22. H. Long, "How many Americans are unemployed? It's likely a lot more than 10 million," The Washington Post, 2/20/21. [[Long Wash Post 2/20/21](#)]
23. add later <https://fredblog.stlouisfed.org/2018/01/new-tax-code-new-price-index-new-tax-bracket-adjustments/>

SECTION 2

THE DETERMINATION OF OUTPUT IN A FIXED PRICE MODEL: SHORT-RUN ANALYSIS

In this section, we will examine our first model of the macroeconomy. In this fixed-price, fixed-interest rate model, we will emphasize the role that the demand for goods and services plays in determining the equilibrium level of economic activity in the short run. The ability of fiscal policy (i.e., changes in government expenditures and/or taxes) to affect the economy will also be examined. We will then introduce money and asset markets to the model; a brief introduction to bond market analysis and the determination of interest rates will be included here. The distinction between nominal and real interest rates will also be discussed. We will then define money, discuss why individuals demand this asset, and study what factors influence the supply of money in the economy (e.g. the banking system and the tools of monetary policy). In this short-run model, we examine how monetary policy (i.e., changes in both the money supply and interest rates) affects economic activity. We will also re-examine the effectiveness of fiscal policy.

III. THE DETERMINATION OF OUTPUT IN A SHORT-RUN, FIXED PRICE MODEL

A. Aggregate Expenditure, Equilibrium Output, and Fiscal Policy

1. Ch. 8 and appendix in CFO
2. Ch. 15, pp. 291-294 in CFO
3. R. Shiller, "What People Say About the Economy Can Set Off a Recession," The New York Times, 9/15/19. [[Shiller NYT 9/15/19](#)]
4. P. Kiernan, "Americans Are Saving More, and That Isn't Necessarily Good," The Wall Street Journal, 9/23/19. [[Kiernan WSJ 9/23/19](#)]
5. K. Vermann, "Wait, Is Saving Good or Bad? The Paradox of Thrift," Page One: Economics Newsletter, Federal Reserve Bank of St. Louis, May, 2012. [[Vermann FRB St. Louis 2012](#)] *

6. Ch. 9 in CFO
7. Appendix A to Ch. 9 in CFO
8. R. Shiller, "Stimulus, Without More Debt," The New York Times, 12/26/10. [[Shiller NY Times 12/26/10](#)]
9. Appendix B to Ch. 9 in CFO
10. "Fiscal Multipliers: Where does the buck stop?" The Economist, 8/13/16. *
11. Ch. 14, pp. 277-279 in CFO
12. J. Furman, "Launch a Pre-Emptive Strike Against Recession," The Wall Street Journal, 9/6/19. [[Furman WSJ 9/6/19](#)]
13. C. Sahm, "Put the Money Printer on Autopilot," The New York Times, 1/22/21. [[Sahm NYT 1/22/21](#)]
14. M. Feldstein, "How To Create a Depression," Project Syndicate, 1/16/12. *
15. Ch. 14, pp. 266-273 in CFO
16. Ch. 19, pp. 363-366 in CFO
17. L. Belsie, "Most Stimulus Payments Were Saved or Applied to Debt," The NBER Digest, No. 10 10.20. [[Belsie NBER Digest Oct. 2020](#)]
18. O. Armentier et al, "How Have Households Used Their Stimulus Payments and How Would They Spend the Next," Liberty Street Economics, Federal Reserve Bank of New York, 10/13/20. [[Armentier et al FRB NY 10/20](#)]
19. H. Torry, "Saved Stimulus Checks Expected to Help Spur Economic Recovery," The Wall Street Journal, 1/27/21. [[Torry WSJ 1/27/21](#)]
20. J. Cogan and J. Taylor, "Those \$2,000 Checks Won't Boost the Economy," The Wall Street Journal, 1/15/21. [[Cogan and Taylor WSJ 1/15/21](#)]
21. C. Brunel, "Does Uncertainty Reduce Growth?," The NBER Digest, January 2014. [[Brunel NBER Digest 1/14](#)]

B. Money, Banking and Monetary Policy

1. O. Blanchard, Chapter 14, "Extensions: Nominal versus Real Interest Rates," in Macroeconomics, 2011, Prentice Hall, pp. 292-295. *
2. F. Mishkin, Chapter 5, "The Behavior of Interest Rates," in The Economics of Money, Banking and Financial Markets, 2008, Addison Wesley, pp. 85-104. *
3. Appendix to Ch. 10, pp. 214-216 in CFO
4. S. Goldfarb and D. Kruger, "Investors Ponder Negative Bond Yields in the U.S.," The Wall Street Journal, 8/12/19. [[Goldfarb and Kruger WSJ 8/12/19](#)]
5. J. Sindreu, "Cash-Strapped Governments Enjoy a Windfall in Low Borrowing Costs," The Wall Street Journal, 7/25/16. [[Sindreu WSJ 7/25/16](#)]
6. Ch. 10 in CFO
7. F. Mishkin, Chapter 17, "Determinants of the Money Supply," in The Economics of Money, Banking and Financial Markets, 1997, Addison Wesley, pp. 435-442. *
8. K. Rogoff, "The Sinister Side of Cash," The Wall Street Journal, 8/27/16. [[Rogoff WSJ 8/27/16](#)]
9. H. Torry, "Don't Bank on Covid-19 Killing Off Cash Just Yet," The Wall Street Journal, 2/1/21. [[Torry WSJ 2/1/21](#)]
10. A. Abkowitz, "The Cashless Society Has Arrived – Only It's in China," The Wall Street Journal, 1/4/18. [[Abkowitz WSJ 1/4/18](#)]
11. J. Sternberg, "Consumers Make Their Own Case Against Abolishing Cash," The Wall Street Journal, 3/16/18. *
12. Ch. 11 in CFO, pp. 214-223 [10th edition]*
13. F. Mishkin, Chapter 5, "The Behavior of Interest Rates," in The Economics of Money, Banking and Financial Markets, 2008, Addison Wesley, pp. 105-107. *

C. Interest Rates, Output, and Macroeconomic Policy

1. Ch. 12 in CFO, pp. 229-237 [10th edition] *
2. Ch. 13, p. 259-260 in CFO [10th edition] *
3. "U.S. Monetary Policy: An Introduction, Part 2: What are the goals of U.S. monetary policy?," Weekly Letter, Federal Reserve Bank of San Francisco, Number 2004-02, January 23, 2004. [[FRB SF MP Intro Part 2 2004](#)]

4. "U.S. Monetary Policy: An Introduction, Part 3: How does monetary policy affect the U.S. economy?," Weekly Letter, Federal Reserve Bank of San Francisco, Number 2004-03, January 30, 2004. [[FRB SF MP Effectiveness Part 3 2004](#)]
5. Ch. 14 in CFO, pp. 273-277
6. G. Mankiw, "Wrong Time for Tax Cuts," The Wall Street Journal, 10/31/91. [[Mankiw WSJ 10/31/91](#)]
7. L. Jackson, K. Kliesen, and M. Owyang, "A Bad Moon Rising? Uncertainty Shocks and Economic Outcomes," Economic Synopses, Federal Reserve Bank of St. Louis, No. 6, 2019. [[Jackson et al FRB St. Louis 2019](#)] *
8. D. Andolfatto, "Does the National Debt Matter?" Regional Economist, Federal Reserve Bank of St. Louis, Fourth Quarter 2020. [[Andolfatto FRB St. Louis 2020](#)]
9. Summers, L., "The Biden Stimulus is Admirably Ambitious. But it Brings Some Big Risks, Too." The Washington Post, 2/5/21. [[Summers W Post 2/5/21](#)]
10. N. Irwin, "How Wonks Could Shape a Recovery," The New York Times, 2/10/21. [[Irwin NYT 2/10/21](#)]
11. V. Sumo, "Ricardian Equivalence," Jargon Alert, Region Focus, Federal Reserve Bank of Richmond, Winter 2008, p. 6. *

SECTION 3

FLEXIBLE PRICES AND THE MACROECONOMY: INTERMEDIATE-RUN AND LONG-RUN ANALYSIS

We will introduce the supply side factors to the model in Section 3. We will first consider those factors that affect firms' abilities to produce goods and services. Our attention, therefore, will turn to the labor market and aggregate demand/aggregate supply models. Particular emphasis will be placed on the determination of the nominal and real wage, the aggregate price level, and output. In this flexible price model, we will re-examine the short-run and long-run effectiveness of monetary and fiscal policy and examine the short-run and long-run effects of economic shocks. Open-economy issues, including the interpretation and determination of exchange rates, will be discussed in the last part of this section. Specifically, we re-examine the effects of monetary and fiscal policy in flexible and fixed exchange rate regimes and briefly discuss the advantages/disadvantages of currency unions (e.g. the Euro). We will conclude the semester by examining what factors determine output over longer periods of time (i.e., economic growth).

IV. FLEXIBLE PRICES AND THE MACROECONOMY

A. Output and Aggregate Prices

1. Ch. 12 in CFO, pp. 237-241 [10th edition] *
2. Ch. 13 in CFO [10th edition] *
3. Ch. 14, pp. 269-283 in CFO [10th edition] *
4. Ch. 12 in CFO, pp. 239-244
5. J. Lahart, "Jobs and Inflation: The Great Trade-Off, Demystified," The Wall Street Journal, 1/2/20. [[Lahart WSJ 1/2/20](#)]
6. G. Mankiw, "Yes, There Is a Trade-Off Between Inflation and Unemployment," The New York Times, 8/11/19. [[Mankiw NYT 8/11/19](#)]
7. Economic Focus, "Much ado about multipliers," The Economist, 9/24/09. *
8. R. Barnichon et al, "Can Government Spending Help to Escape Recessions?" Economic Letter, Federal Reserve Bank of San Francisco, 2021-02, 2/1/21. [[Barnichon et al FRB SF 2021](#)] *
9. J. Taylor, "Paul Volcker Was Inflation's Worst Enemy," The Wall Street Journal, 12/10/19. [[Taylor 12/10/19](#)]
10. B. Trehan, "Lessons from the oil shocks of the 1970's," Weekly Letter, Federal Reserve Bank of San Francisco, 11/9/90. *
11. M. Sumerlin, "The Upside of the Oil Curse," The Wall Street Journal, 1/10/06. [[Sumerlin WSJ 1/10/06](#)]

12. M. Bordo and M. Levy, "The Short March Back to Inflation," The Wall Street Journal, 2/4/21. [[Bordo and Levy WSJ 2/4/21](#)]
13. N. Irwin, "Is Inflation About to Take Off? That's The Wrong Question," The New York Times, 1/17/21. [[Irwin NYT 1/17/21](#)]
14. G. Mankiw, "The Covid-19 Recession of 2020," August, 2020. *
15. J. Kozlowski, "COVID-19: Scarring Body and Mind," Economic Synopses, Federal Reserve Bank of St. Louis, 2020, No. 3. [[Kozlowski FRB St. Louis 2020](#)]
16. D. Harrison, "Fed Has Many Tools to Deter Recession, Former Fed Chairman Bernanke Says," The Wall Street Journal, 1/6/20. [[Harrison WSJ 1/6/20](#)]
17. G. Ip, "The Era of Fed Power Is Over. Prepare for a More Perilous Road Ahead," The Wall Street Journal, 1/16/20. [[Ip WSJ 1/16/20](#)]
18. D. Gunn, "In a Financial Crisis, Room to Maneuver Is Worth a Lot," The NBER Digest, January 2018. [[Gunn NBER Digest 2018](#)]
19. E. Nelson, "The Bank of England Tells Banks to Prepare for Negative Rates," The New York Times, 2/5/21. [[Nelson NYT 2/5/21](#)]
20. G. Ip, "Fed Chairman Powell Masters the Art of Saying Nothing," The Wall Street Journal, 9/19/19. *
21. A. Blinder, "The Fed Should Speak in English for a Change," The Wall Street Journal, 1/7/20. [[Blinder WSJ 1/7/20](#)]
22. D. Luskin, "The Fed Pretends to Listen," The Wall Street Journal, 1/29/20. [[Luskin WSJ 1/29/20](#)]
23. M. Daly, "Is The Federal Reserve Contributing to Economic Inequality?" Economic Letter, Federal Reserve Bank of San Francisco, 2020-32, 10/19/20. [[Daly FRB SF 2020](#)]
24. J. Bullard, "Income Inequality and Monetary Policy: A Framework with Answers to Three Questions," Speech, Council on Foreign Relations, New York, NY, 6/26/14. [[Bullard Speech 2014](#)]
25. B. Fuller, "Understanding the Racial Wealth Gap," Econ Focus, Federal Reserve Bank of Richmond, Fourth Quarter 2020. [[Fuller FRB Richmond 2020](#)]
26. R. Gebeloff, "Who Owns Stocks? Explaining the Rise in Inequality During the Pandemic," The New York Times, 1/28/21. [[Gebeloff NYT 1/28/21](#)]
27. J. Smialek, "Why Are There So Few Black Economists at the Fed?" The New York Times, 2/5/21. [[Smialek NYT 2/5/21](#)]
28. G. Hale, O. Jordan, and G. Rudebusch, "The Economics of Climate Change: A First Fed Conference," Economic Letter, Federal Reserve Bank of San Francisco, 2019-31, 12/16/19. [[Hale et al FRB SF 2019](#)] *
29. G. Rudebusch, "Climate Change and the Federal Reserve," Economic Letter, Federal Reserve Bank of San Francisco, 2019-09, 3/25/19. [[Rudebusch FRB SF 2019](#)] *

B. Rational Expectations, New Classical Macroeconomics, Inflation Dynamics and Policy

1. Ch. 17, pp. 325-330 in CFO
2. R. Maddock and M. Carter, "A Child's Guide to Rational Expectations," Journal of Economic Literature, March 1982, pp. 39-51. [[Maddock and Carter JEL 1982](#)] *
3. A. Foerster, "Jargon Alert: Rational Expectations," Region Focus, Federal Reserve Bank of Richmond, Summer 2006, p. 6. *
4. S. Maas, "How Grocery Prices Influence Consumers' Inflation Expectations," The NBER Digest, December 2019. [[Maas NBER Digest 2019](#)]
5. M. Fujikawa, "What the Fed Fears: People Who Can't Remember Rising Prices," The Wall Street Journal, 1/13/20. [[Fujikawa WSJ 1/13/20](#)]

C. Open-Economy Macroeconomics

1. Chapter 19 in CFO, pp. 359-360 and pp. 363-376
2. O. Blanchard, Chapter 18, "Openness in Goods and Financial Markets: The Choice Between Domestic and Foreign Assets," in Macroeconomics, 2003, Third Edition, Prentice Hall, pp. 376-382 and 387-390. *
3. J. Shelton, "Currency Chaos: Where Do We Go From Here?," The Weekend Interview (with Robert Mundell), The Wall Street Journal, 10/16-17/10. [[Shelton WSJ 10/16-17/1010](#)]
4. D. Wessel and C. Torres, "Hard Calls: Devalue? Cut Rates? While Brazil Agonizes, The U.S. Makes a Move," The Wall Street Journal, 10/16/98. *
5. J. Chiu, "Hong Kong's Dollar Peg: How It Works and Why It's in Question," The Wall Street Journal, 8/27/19. [[Chiu WSJ 8/27/19](#)]
6. *Briefing*, "The Crisis in the Euro area: How to resign from the club," The Economist, 12/4/10. *

7. S. Fidler, "An EU Currency Breakup Would Be Unlike Any Other," The Wall Street Journal, 12/2/11. [[Fidler WSJ 12/2/11](#)]

D. Determinants of Economic Growth

1. Ch. 16 in CFO
2. J. Kaufman, "Technology and Time for the Poor," The Wall Street Journal, 8/16/01. [[Kaufman WSJ 8/16/01](#)]
3. J. Fitzgerald, "Access to Fast Internet Spurs Growth in Africa," The NBER Digest, September 2017. [[Fitzgerald NBER Digest 2017](#)]
4. R. Valetta and G. MacDonald, "Is There a Digital Divide?," Economic Letter, Federal Reserve Bank of San Francisco, Number 2003-38, December 26, 2003. *
5. T. Aepfel, "Has All the Important Stuff Already Been Invented?," The Wall Street Journal, 6/16/14. [[Aepfel WSJ 6/16/14](#)]
6. N. Irwin, "What Was the Greatest Era for Innovation? A Brief Guided Tour," The New York Times, 5/15/16. [[Irwin NYT 5/15/16](#)]
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Note: Articles followed by an asterisk (*) can be accessed electronically via this course's Moodle page. The folder, *Ec 134 Readings Spring 2021*, on the Moodle page contains pdf versions of these articles. I have also provided hyperlinks for those articles in the syllabus where the author's name appears in brackets at the end of the entry. To access these articles, you simply need to left click the link while holding down the ctrl button. You can access this latter group of articles by opening the course syllabus on the Moodle page. Please contact me if you ever have difficulty accessing any of these articles.