

ECON 202 (1): INTERMEDIATE MACROECONOMIC ANALYSIS

Fall Semester, 2011-2012

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Topics: Macroeconomic analysis deals with the determination of aggregate output and prices, economic growth, the financial markets, cyclical fluctuations, fiscal and monetary policies, and linkages with the global economy.

Prerequisites: ECON 101: Principles of Microeconomics, ECON 102: Principles of Macroeconomics and one math course at the level of MATH 115 or higher.

Readings: The textbook for the course is:

Mankiw and Ball, *Macroeconomics and the Financial System*, Worth

The solutions to the questions at the end of each chapter are available on the Sakai site. Supplementary readings are also available through our Sakai site.

Requirements: The final grade will be based on the results of two mid-term exams (25% each), a comprehensive final exam (40%) and the problem sets (10%).

Sakai Site: We will use our site to make announcements, post news stories and problem sets, answer questions, etc. Please feel free to post any items which you think would be of interest. All class notes, problem sets, and exams are the intellectual property of instructor and should not be given or forwarded to any other party without prior consent.

Office Hours: Office hours are on Wednesdays from 2:30 – 3:30 and Thursdays from 2 – 3.

Classroom Environment: We meet in the classroom to collectively learn the material. Do not send text messages or e-mails, or check your messages. Please refrain from leaving the room unless necessary.

Honor Code: Members of the course are expected to adhere to the College's Honor Code.

Blogs: There are many interesting blogs that cover macroeconomic events and policies, including:

<i>Free Exchange (The Economist)</i>	http://www.economist.com/blogs/freeexchange/
Paul Krugman's blog	http://krugman.blogs.nytimes.com/
<i>Real Time Economics</i>	http://blogs.wsj.com/economics/

READINGS

I. Macroeconomic Concepts and Issues

Aug. 30: National Income

Aug. 31: Inflation and Unemployment

Mankiw and Ball, Chs. 1; 2; 4.4, 4.6

New York Times, 8/16/2011, "On Economy, Raw Data Gets a Grain of Salt"

II. Output and Inflation: Long-Run

Sept. 2: Aggregate Supply

Sept. 6: Production Functions

Sept. 9: Aggregate Demand

Sept. 13: Loanable Funds

Sept. 14: REV

Mankiw and Ball, Chs. 3; 4.2; 9.3, 9.4: 267-268

Krugman and Wells, "The Slump Goes On: Why?" *New York Review of Books*, 9/30/2010

PROBLEM SET I (due Sept. 13)

III. Financial Markets

Sept. 16: Finance

Sept. 20: Bond and Stock Markets

Mankiw and Ball, Chs. 15; 16.1-16.5; 17.1-17.2

Thaler, "Markets Can Be Wrong and the Price is Not Always Right," *Financial Times*, 8/4/2009

IV. Growth: Very Long-Run

Sept. 21, 27: Solow Model

Sept. 23: No Class

Sept. 30: REV

Mankiw and Ball, Chs. 7; 8.1-8.3

The Economist, "Damage Assessment," 5/14/09

PROBLEM SET II (due Sept. 29)

FIRST EXAM: I - IV (Oct. 4)

V. Output and Inflation: Short-Run

Sept. 28: Keynesian Cross
Oct. 5: IS-LM Model
Oct. 7: REV
(Oct. 11: Fall Break)
Oct. 12: REV
Oct. 14: Macro Policies

Mankiw and Ball, Chs. 9.1-9.2; 10; 11.1
The Economist, “Much Ado about Multipliers,” 9/24/30

PROBLEM SET III (due Oct. 18)

Oct. 18: Aggregate Demand and Supply
Oct. 19: REV
Oct. 21: Phillips Curve

Mankiw and Ball, Chs. 11.2; 12

VI. Fiscal Policy

Oct. 25: Deficits
Oct. 26: REV
Oct. 28: Debt
(Nov. 1: Tanner Conference)
Nov. 4: REV

Mankiw and Ball, Ch. 14.1, 14.3, 14.5
The Economist, “The Big Sweat,” 6/11/09

PROBLEM SET IV (due Nov. 2)

SECOND EXAM: V – VI (Nov. 8)

VII. Monetary Policy

Nov. 2: Monetary Expansion
Nov. 9: REV
Nov. 11: Federal Reserve
Nov. 15: Policy Tools and Goals
Nov. 16: REV

Mankiw and Ball, Chs. 4: Appendix; 13

Mishkin, *Money, Banking and Financial Markets* (2nd ed.), 2009, Chs. 10: 219-229; 17: 411-418

Rudebusch, "The Fed's Monetary Policy Response to the Current Crisis," *Federal Reserve Bank of San Francisco Economic Letter* #2009-17, 5/22/09

PROBLEM SET V (due Nov. 18)

VIII. International

Nov. 18: Balance of Payments

Nov. 22: Flexible Exchange Rates

Nov. 29: Fixed Exchange Rates

Nov. 30: IS/LM/BP

Dec. 2: No Class

Dec. 6: Macro Policies

Dec. 7: REV

Mankiw and Ball, Ch. 5.1-5.2

The Economist, "Beyond Bretton Woods 2," 11/4/10

PROBLEM SET VI (due Dec. 7)

FINAL EXAM: Self-scheduled