

Course Information and Syllabus:

Economics 102, Intermediate Macroeconomics, Fall 2012

Tue/Th 9:35-10:50 AM, Bauer Center 1

Prof. Ricardo Fernholz
Claremont McKenna College
Telephone: 909-607-3795

Office: Bauer 107
Office Hours: Tue 2:30-4, W 3:30-5, and by appt.
Email: rfernholz@cmc.edu

Textbook and Website Reading Material

The textbook for this class is Chad Jones' *Macroeconomics*, second edition (2011). It should be available at Huntley Bookstore as well as online at sites like amazon.com. In addition to this textbook, the reading material for this class will include a series of brief articles from the popular press and other sources, all of which will be posted on Sakai. I will also post problem sets, lecture notes, and other materials to this site throughout the semester.

Course Material

Macroeconomics is narrowly defined as the study of large economic aggregates. More broadly, however, the field can include virtually any interesting economic question and even some questions that might seem to fit more naturally into other disciplines such as finance, political science, or sociology. In this class, I hope to provide you with an understanding of how and why output, employment, and prices change over both short and long horizons, and I hope to accomplish this by including and emphasizing topics that will be of interest to you all. The goal is to build and master a set of models that guide our discussion of macroeconomic phenomena, and to learn how to use these models' logic to critically analyze different policy proposals.

Class Tutor

The tutor for this class is Karan Saggi, and he can be reached by email at ksaggi14@cmc.edu. Karan will have regular office hours every Monday from 7-9PM (location TBA).

Problem Sets, Exams, and Grading

There will be four problem sets in this class, with only one question (randomly chosen) graded from each problem set. The due dates for these problem sets are noted on the course schedule below. I will post the problem sets to Sakai at least two weeks before they are due. It is okay to discuss and collaborate on these, but each person must hand in his or her own copy of the completed problem set. **No late problem sets will be accepted.** There will be two midterm exams and one comprehensive final exam in this class. All exams will be closed-book and closed-notes. Prior to the exam dates, I will provide some sample questions and answers to help with preparation. **There are no make-up exams.**

The final grade for this class will be based on the problem sets, exams, and four class discussions (see below) using the following weighting scheme:

- 5% Class discussions
- 15% Problem sets
- 20% Midterm 1
- 20% Midterm 2
- 40% Final exam

Class Discussions

I'm going to try something new in this year's macro class, a set of four relatively brief class discussions that cover some of the most interesting and important themes from the class. The goal of these discussions is to delve a little deeper into some of the key topics we cover in this class, and to give each of you an opportunity to present your opinions and discuss these topics with your classmates. The topics we will examine are economic growth and institutions, the labor market and structural unemployment, the financial crisis, and the role of the Federal Reserve in the current economic environment. The dates for the class discussions are posted below.

The class will be split into four groups and each group will lead one of the class discussions. The leading group is responsible for summarizing the readings that go along with the discussion topic, providing opinions on those readings, and opening the discussion to the whole class. Each person in the group must present some part of these summaries and opinions. The groups that are not leading the class discussion are each responsible for a brief written summary of the readings that should be no less than one page and no more than two pages. Grades for this portion of the class are based on completion of the requirements and participation in the discussions.

Prerequisites

Economics 50 and some calculus.

Disability

If you have any problems with the terms of this syllabus due to disability, you must notify me within the first two weeks of the semester. If you need alternative arrangements for exams I must be contacted by the Dean of Students, but it is also your responsibility to coordinate with me about the time and place of your exam at least two weeks before that exam.

Preliminary Course Schedule

September 6: Introduction

September 11: Macro Basics (Ch. 1-2, *Aberrant Abacus, Botox and Beancounting*)

September 13: Long-run Economic Growth (Ch. 3, *More or Less Equal?*)

September 18: The Production Model (Ch. 4)

September 20: Solow Growth Model (Ch. 5.1-5.7), **Class Discussion 1**

September 25: More Solow, Growth (Ch. 5.8-5.10, 6.1-6.2, *Secret Sauce*)
(Optional Reading: *The Myth of Asia's Miracle*)

September 27: Labor Market and Unemployment (Ch. 7.1-7.3), **Problem Set 1 due**
(Optional Reading: *An Increase in Structural Unemployment?*)

October 2: Labor Market and Wages (Ch. 7.4-7.7), **Class Discussion 2**

October 4: Inflation (Ch. 8)

October 9: Review

October 11: **Midterm 1**

October 16: Short-run Economic Fluctuations (Ch. 9)

October 18: The IS Curve (Ch. 11.1-11.4)

October 23: No Class, Fall Break

October 25: Foundations of the IS Curve (Ch. 11.5-11.6, *Much Ado About Multipliers*)

October 30: Monetary Policy and the Phillips Curve (Ch. 12.1-12.3), **Problem Set 2 due**

November 1: IS-MP Analysis (Ch. 12.4-12.8)

November 6: Aggregate Supply and Aggregate Demand (Ch. 13.1-13.5)

November 8: Monetary Policy, Stabilization, and Inflation (Ch. 13.6-13.8)
(Optional Reading: *Grim Expectations, Keeping an Eye on Inflation*)

November 13: Review, **Problem Set 3 due**

November 15: **Midterm 2**

November 20: The Great Recession (Ch. 10)
(Optional Reading: *How Scared of the Future?, End of the Great Moderation?*)

November 22: No Class, Thanksgiving

November 27: Some Finance Basics (Ch. 10.4-10.5), **Class Discussion 3**
(Optional Reading: *Credit Default Swaps, Securitization*)

November 29: Efficient Markets and Bubbles (Ch. 16.3, *Beauty of Bubbles, Tulipmania*)

December 4: Economics of Crises
(Optional Reading: *Crises of Confidence and Bank Runs*)

December 6: The Short-run Model and the Great Recession (Ch. 14)

December 11: Policy Responses to the Great Recession, **Class Discussion 4**
(Optional Reading: *Breaking the Rule Book, Monetary-Policy Maze*)

December 13: Review, **Problem Set 4 due**

Common Final Exam: Thursday, December 20 from 2PM-5PM, Location TBA

This schedule is preliminary and is subject to change during the semester as needed.