

Course Information and Syllabus:

Economics 102, Intermediate Macroeconomics, Spring 2017

Tue/Th 11:00-12:15, Bauer 22

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

Office: Bauer 107
Office Hours: Tue 2:45-4:15, W 1:00-2:30, and by appt.
Email: rfernholz@cmc.edu

Textbook and Website Reading Material

The textbook for this class is Chad Jones' *Macroeconomics*, third edition (2014). 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 Tierra Patmavanu, and she will have regular tutoring hours every Sunday from 6-8PM in BC 23. Tierra can be reached by email at tpatmavanu18@cmc.edu.

Problem Sets, Exams, and Grading

There will be four problem sets in this class. 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. **Problem sets are due in class, and 25% will be deducted for each day late that they are handed in.** There will be two midterm exams and one comprehensive final exam in this class. All exams will be closed-book and closed-notes. **There are no make-up exams.**

If you must miss a midterm or cannot hand in a homework on time for medical reasons, **it is your responsibility to tell me in advance.** I will need a note from a doctor or health services if this occurs. 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:

- 10% Class discussions/participation
- 15% Problem sets
- 20% Midterm 1
- 20% Midterm 2
- 35% Final exam

Class Discussions

In addition to the homework and exams, there will be a set of four 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 with your classmates. The topics we will examine are the benefits and pitfalls of foreign development aid, fiscal policy (stimulus vs. austerity), the financial crisis, and Federal Reserve monetary policy. 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 taking a position on the questions raised in the readings that go along with the discussion topic, providing opinions, and addressing why some of the arguments in those readings were more persuasive than others. Each person in the group must present some part of this discussion to the class. At the end of the presentation, the discussion will be open for debate among the whole class. The groups that are not leading the class discussion are each responsible for a brief written summary of the readings that should be 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

January 17: Introduction

January 19: Macro Basics (Ch. 1-2, *The Trouble with GDP*)

January 24: Long-run Economic Growth (Ch. 3, *More or Less Equal?*)

January 26: Production Model (Ch. 4, *The Role of Institutions in Growth and Development*)

January 31: Solow Growth Model (Ch. 5.1-5.7), **Class Discussion 1**

February 2: More Solow, Growth (Ch. 5.8-5.10, 6.1-6.2, *Techno Wars*)
(Optional Reading: *The Myth of Asia's Miracle*)

February 7: Labor Market and Unemployment (Ch. 7.1-7.5, *Jobless Recoveries and Routine Occupations*), **Problem Set 1 due**
(Optional Reading: *Mind the Gap*)

February 9: Inflation (Ch. 8, *If It Can't Make it There*)

February 14: Exchange Rates in the Long Run (Ch. 20.1-20.2)

February 16: Review

February 21: **Midterm 1**

February 23: Short-run Economic Fluctuations (Ch. 9)

February 28: The IS Curve (Ch. 11.1-11.4)

March 2: Foundations of the IS Curve (Ch. 11.5-11.6, *When Does the Buck Stop?*)

March 7: Monetary Policy and the Phillips Curve (Ch. 12.1-12.3), **Class Discussion 2**

March 9: IS-MP Analysis (Ch. 12.4-12.8), **Problem Set 2 due**

March 14: No Class, Spring Break

March 16: No Class, Spring Break

March 21: Aggregate Supply and Aggregate Demand (Ch. 13.1-13.5)
(Optional Reading: *Baby-Sitting Coop*)

March 23: Monetary Policy, Stabilization, and Inflation (Ch. 13.6-13.8)

March 28: No Class

March 30: The Open Economy in the Short-Run Model (Ch. 20.3, 20.5)

April 4: Review, **Problem Set 3 due**

April 6: **Midterm 2**

April 11: The Great Recession (Ch. 10.1-10.3)

April 13: Some Finance Basics (Ch. 10.4-10.5), **Class Discussion 3**
(Optional Reading: *Credit Default Swaps, Securitization*)

April 18: Efficient Markets and Bubbles (Ch. 17.3, *Beauty of Bubbles, Tulipmania*)

April 20: Economics of Crises
(Optional Reading: *Crises of Confidence and Bank Runs*)

April 25: The Short-run Model and the Great Recession (Ch. 14)

April 27: Recessions, Depressions, and Policy, **Class Discussion 4**

May 2: Review, **Problem Set 4 due**

Common Final Exam: Thursday, May 11 7-10pm Davidson

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