Course Information and Syllabus:

Economics 102, Intermediate Macroeconomics, Spring 2012
Tue/Th 9:35-10:50 AM, Bauer Center 1

Prof. Ricardo Fernholz   Office: Bauer 107

Claremont McKenna College   Office Hours: T 3-4, Th 12:30-1:30, and by appt.

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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.

Prerequisites

Economics 50 and some calculus.

Problem Sets, Exams, and Grading

There will be five 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'll 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 and exams using the following weighting scheme:

20% Problem sets
20% Midterm 1
20% Midterm 2
40% Final exam

Disability

If you have any problems with the terms of this syllabus due to a disability you must notify me within the first two weeks of the semester. Note that if you require alternative arrangements for the 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
(Reading: Ch. 1-2, *Aberrant Abacus*, *Botox and Beancounting*)

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

January 26: Basic Model of Production
(Reading: Ch. 4.1-4.3)

January 31: The Production Model and the Data
   (Reading: Ch. 4.4-4.5, *The Role of Institutions in Growth and Development*)

February 2: Solow Growth Model, **Problem Set 1 due in class**
   (Reading: Ch. 5.1-5.7)

February 7: More Solow, Growth
   (Reading: Ch. 5.8-5.10, 6.1-6.2, *The Myth of Asia's Miracle*, *Secret Sauce*)

February 9: Labor Market and Unemployment
   (Reading: Ch. 7.1-7.3, *An Increase in Structural Unemployment?*)

February 14: Labor Market and Wages
   (Reading: Ch. 7.4-7.7)

February 16: Inflation, **Problem Set 2 due in class**
   (Reading: Ch. 8)

February 21: Review

February 23: **Midterm 1**

February 28: Short-run Economic Fluctuations
   (Reading: Ch. 9)

March 1: The IS Curve
   (Reading: Ch. 11.1-11.4)

March 6: Foundations of the IS Curve
   (Reading: Ch. 11.5-11.6, *Much Ado About Multipliers*)

March 8: Monetary Policy and the Phillips Curve, **Problem Set 3 due in class**
   (Reading: Ch. 12.1-12.3)

March 13: No Class, Spring Break

March 15: No Class, Spring Break

March 20: IS-MP Analysis
   (Reading: Ch. 12.4-12.8, *Baby-Sitting Coop*)

March 22: Aggregate Supply and Aggregate Demand
   (Reading: Ch. 13.1-13.5)

March 27: AS-AD in Practice
   (Reading: Ch. 13.5-13.6)

March 29: Monetary Policy, Stabilization, and Inflation
    (Reading: Ch. 13.6-13.8, *Grim Expectations*, *Keeping an Eye on Inflation*)

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

April 5: **Midterm 2**

April 10: The Great Recession
    (Reading: Ch. 10.1-10.3, *How Scared of the Future?*, *End of the Great Moderation?*)

April 12: Some Finance Basics
    (Reading: Ch. 10.4-10.5, *Credit Default Swaps*, *Securitization*)

April 17: Efficient Markets and Bubbles
    (Reading: Ch. 16.3, *Beauty of Bubbles*, *Tulipmania*)

April 19: Economics of Crises
    (Reading: *Crises of Confidence and Bank Runs*)

April 24: The Short-run Model and the Great Recession
    (Reading: Ch. 14.1-14.2)

April 26: Policy Responses to the Great Recession
    (Reading: Ch. 14.3-14.4, *Breaking the Rule Book*, *Monetary-Policy Maze*)

May 1: Review, **Problem Set 5 due in class**

Final Exam: Tuesday, May 8 from 9:00AM-12:00PM, Location TBA

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