

Course Information and Syllabus:

Economics 102, Intermediate Macroeconomics, Fall 2015

Tue/Th 11:00-12:15, Bauer 35

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 Nina Kamath, and she will have regular office hours every Sunday from 8-10PM in Bauer 25. Nina can be reached by email at nkamath16@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. 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:

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

Class Discussions

This year, I'm going to continue with something I started relatively recently: 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 these topics 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 the current position of 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

September 1: Introduction

September 3: Macro Basics (Ch. 1-2, *Botox and Beancounting*)

September 8: Long-run Economic Growth (Ch. 3, *More or Less Equal?*)

September 10: The Production Model (Ch. 4)

(Optional Reading: *The Role of Institutions in Growth and Development*)

September 15: Solow Growth Model (Ch. 5.1-5.7), **Class Discussion 1**

September 17: More Solow, Growth (Ch. 5.8-5.10, 6.1-6.2, *Unproductive Production*)

(Optional Reading: *The Myth of Asia's Miracle*)

September 22: Labor Market and Unemployment (Ch. 7.1-7.5), **Problem Set 1 due**

(Optional Reading: *Jobless Recoveries and Routine Occupations*)

September 24: Inflation (Ch. 8, *If It Can't Make it There*)

September 29: Exchange Rates in the Long Run (Ch. 20.1-20.2)

October 1: Short-run Economic Fluctuations (Ch. 9)

October 6: Review

October 8: **Midterm 1**

October 13: The IS Curve (Ch. 11.1-11.4)

October 15: Foundations of the IS Curve (Ch. 11.5-11.6)

October 20: No Class, Fall Break

October 22: Monetary Policy and the Phillips Curve (Ch. 12.1-12.3), **Class Discussion 2**

October 27: No Class (tentative)

October 29: IS-MP Analysis (Ch. 12.4-12.8), **Problem Set 2 due**

November 3: Aggregate Supply and Aggregate Demand (Ch. 13.1-13.5)

November 5: Monetary Policy, Stabilization, and Inflation (Ch. 13.6-13.8)

November 10: The Open Economy in the Short-Run Model (Ch. 20.3, 20.5)

November 12: Review, **Problem Set 3 due**

November 17: **Midterm 2**

November 19: The Great Recession and Some Finance Basics (Ch. 10)

(Optional Reading: *Credit Default Swaps, Securitization*)

November 24: Efficient Markets and Bubbles (Ch. 16.3), **Class Discussion 3**

(Optional Reading: *Beauty of Bubbles, Tulipmania*)

November 26: No Class, Thanksgiving

December 1: Economics of Crises

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

December 3: The Short-run Model and the Great Recession (Ch. 14)

December 8: Recessions, Depressions, and Policy, **Class Discussion 4**

December 10: Review, **Problem Set 4 due**

Common Final Exam: Thursday, Dec. 17 from 7-10PM, Roberts North 15

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