1 Summary

This course is about macroeconomics – the study of economic development and growth, business cycles, money, inflation, credit and asset markets, fiscal and monetary policy. Key questions are: What explains big movements in asset markets and in the value of the dollar? What factors are responsible for the ups and downs of the U.S. economy? Why do some countries grow fast and others remain poor or stagnant? What causes large budget and trade deficits and how should we deal with them? What should the Fed do about bubbles and financial crises? We explore these issues in 25 lectures, part of which we will spend discussing topics of current economic interest.

2 Mathematics and Economic Prerequisites

The course requires algebra (including exponents and logarithms), some calculus and quite a bit of microeconomics. You will know what is required by browsing a textbook. See me if you have concerns about your background.

3 Textbook

*Macroeconomics*, by Abel, Bernanke and Croushore, Pearson-Addison Wesley, 9th edition. Earlier editions of this text are not up-to-date on data and case studies, but the 8th edition is close.
4 Class Notes

It is a good strategy to take and keep a complete set of notes for yourself, covering both the concepts we explore in class and the policy issues we discuss. A short set of lecture notes based on your textbook and on scientific journals will be available soon on Blackboard.

5 Lectures and Exams

We will have 25 lectures and three in-class exams, on February 15, March 20 and April 26. The lectures start on January 16 and end on April 24. All exams are with open books and open notes and have equal weight. Your course grade will be based on your best two scores. You may choose to sit for all three exams (the safe option) or just two (the risky option). Problem sets do not count in your grade but they will help you prepare for exams. Class attendance is not required unless your desired final grade is A or A+. If that is your goal, then it will help if you are active in class.

6 Exam Equipment

Please bring 2 large bluebooks to each exam you take. DO NOT WRITE your name on those bluebooks. The bluebooks will be randomly distributed. You must use a PEN.

7 Personal Problems

Please see me or your undergraduate advisor for any problems (health, grades, and personal relations) that may interfere with your learning goals or class performance.

8 Make-up Exams

There are no make-up exams nor are the exams offered at any other time.

9 Topics and Practice Problems

Lectures will cover the chapters listed below, some special topics (asset prices, financial crises, inequality), plus a number of policy issues of current interest. Practice questions will help you learn the material presented in class and in the text, and help
you prepare for the exams. Answer to practice problems will be discussed in the TA
discussion sections and will occasionally, but not always, be posted on the course
website. Assigned problems will be discussed in review sessions.

10 Lecture Outline

Jan. 16: Macroeconomics and the real world
(Ch. 1. analytical #3)

Jan. 18, 23: Big data
(Ch. 2. Review question #4, numerical #4)

Jan. 25, 30: Wages, productivity, inequality
(Ch. 3. analytical #2, numerical #6)
Supplementary readings on inequality TBA

Feb. 1, 6, 8: Consumption and investment
(Ch. 4. analytical #6 and #7, numerical #1)

Feb. 15: First exam on chapters 1–4

Feb. 13, 20, 22, 27: Long-run growth
(Ch. 6. analytical #1 and #7, numerical #7)
Supplementary readings on poverty traps and corruption TBA

Mar. 1, 6, 8: Money, stocks, and bonds
(Ch. 7. analytical #4, numerical #7)
Supplementary readings on asset prices and volatility TBA

Mar. 20: Second exam on chapters 6 and 7

Mar. 22, 27, 29: Business cycles, banks, and financial crises
(Ch. 8.)
Supplementary readings on financial crises TBA

Apr. 3, 5, 10, 12: Monetary policy and the Federal Reserve System
(Ch. 14. analytical #1 and #2)
Supplementary readings on rules vs. discretion TBA

Apr. 17, 19, 24: Fiscal policy
(Ch. 15. numerical #4 and #7)
Supplementary readings on optimal taxation TBA

Apr. 26: Third exam on chapters 8, 14 and 15
11 Sources of Macroeconomic Data

Federal Reserve Bank of St. Louis FRED Database
World Bank (Data and Research, Quick Reference Tables)
Eurostat
OECD
Wikipedia