

ECON 202: INTERMEDIATE MACROECONOMIC ANALYSIS
Spring Semester, 2017-2018

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Topics: Macroeconomic analysis deals with the determination of aggregate output and prices, economic growth, the financial markets, cyclical fluctuations, fiscal and monetary policies, and linkages with the global economy.

Prerequisites: ECON 101: Principles of Microeconomics, ECON 102: Principles of Macroeconomics and one math course at the level of MATH 115 or higher.

Readings: The textbook for the course is:

Mankiw, *Macroeconomics* (9th ed.)

The solutions to the questions at the end of each chapter are available on the Sakai site. Supplementary readings will be available through our Sakai site.

Requirements: The final grade will be based on the results of two mid-term exams (25% each), a final exam (35%) and the problem sets (15%).

Sakai Site: We will use our Sakai site to make announcements, post news stories and problem sets, answer questions, etc. All class notes, problem sets, and exams are the intellectual property of instructor and should not be given or forwarded to any other party without prior consent.

Office Hours: Office hours are on Wednesdays from 2 – 3:30 p.m. and Thursdays from 2:30 – 4 p.m.

Tutor: The tutors for the course are Sonali Bansal and Jessica Kao. They will announce when they are available to work with you.

Classroom Environment: We meet in the classroom to collectively learn the material. Laptop computers are not to be used unless a student has prior permission. Do not send or check for text messages. Please refrain from leaving the room unless necessary. All members of the course are expected to adhere to the Honor Code of Wellesley College.

READINGS

I. Macroeconomic Concepts and Issues

Jan 30: National Income
Jan. 31: REV
Feb. 2: Inflation and Unemployment

Mankiw, Chs. 1; 2; 5.3, 5.5; 7.1-7.2, 7.4-7.5
The Economist, "The Trouble with GDP," 4/30/2016

PROBLEM SET #1 (Feb. 14)

II. Output and Inflation: Long-Run

Feb. 6: Aggregate Supply
Feb. 7: REV
Feb. 9: Production Functions
Feb. 13: Aggregate Demand
Feb. 14: REV
Feb. 16: Loanable Funds

Mankiw, Chs. 3; 5.1; 10.3, 10.4: 296
The Economist, "Labour Pains," 11/2/13
Finance & Development, "Labor's Losses," 9/17

III. Financial Markets

Feb. 20: *Monday Schedule*
Feb. 21: Finance
Feb. 23: Bonds
Feb. 27: Stock/REV

Mankiw, Ch. 20.1
Mankiw, "What Stock to Buy? Hey, Mom, Don't Ask Me," 5/18/2013

PROBLEM SET #2 (Feb. 27)

IV. Growth: Very Long-Run

Feb. 28: Solow Model
March 2: *No Class*
March 6: Productivity

Mankiw, Chs. 8; 9.1-9.3
Wolla, "The Productivity Puzzle," *Page One Economics*, 3/2017
Irwin, "We're in a Low-Growth World." *NY Times*, 8/6/2016

PROBLEM SET #3 (March 9)

FIRST EXAM: I - IV (March 13)

V. Output and Inflation: Short-Run

March 7: Income-Expenditure
March 9: REV
March 14: REV
March 16: IS-LM Model
March 20: No Class
March 21: Macro Policies
April 3: Aggregate Demand and Supply
April 4: REV

Mankiw, Chs. 10.1-10.2; 11; 12.1, p. 360; 12.2; 14.1

PROBLEM SET #4 (April 4)

April 6: Phillips Curve

Mankiw, Ch. 14.2
The Economist, "The Natural Rate of Unemployment," 8/24/2017
The Economist, "Inflation Has Not Yet Followed Lower Unemployment," 6/15/2017

PROBLEM SET #5 (Nov. 4)

VI. Fiscal Policy

April 10: Deficits
April 11: REV
April 13: Debt

Mankiw, Ch. 19.1, 19.3, 19.5
The Economist, "Where Does the Buck Stop?," 8/13/2016
The Economist, "Governments Need to Rethink Their Attitudes to Debt," 9/7/2017

PROBLEM SET #6 (April 18)

SECOND EXAM: V – VI (April 20)

VII. Monetary Policy

April 17: Monetary Expansion
April 18: REV
April 24: Federal Reserve
April 25: REV
April 27: Policy Tools and Goals

Mankiw, Chs. 4; 18.2; 15: 445-447
Finance & Development, "What Is a Bank?", 3/2012
The Economist, "Controlling Interest," 9/21/2013
The Economist, "How the Fed Will Raise Interest Rates," 12/14/2015

PROBLEM SET #7 (May 1)

VIII. International

May 1: Balance of Payments
May 2: *Ruhlman Conference*
May 4: Flexible Exchange Rates
May 8: Fixed Exchange Rates
Dec. 9: Trilemma
May 11: REV

Mankiw, Ch. 6.1-6.2; 13.5
Mankiw, "What to Rev Up the Economy? Don't Worry About the Trade Deficit," *NY Times*,
12/2/2016
The Economist, "Two Out of Three Ain't Bad," 8/27/2016

PROBLEM SET #8 (May 11)

FINAL EXAM: Self-scheduled