

Intermediate Macroeconomics

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Course Overview:

The 1960s was the golden age for macroeconomists. There existed an almost universal consensus on how the macroeconomy worked, government policymakers and academics saw the world in the same way, and when governments put the academic theories into practice it seemed to work. There were differences about how governments should conduct economic policy, but they arose largely over differences about the relative importance of different components of a single model.

Since 1970, this consensus began to fall apart. Mathematical advances opened new methodological avenues, and some of these avenues led down markedly divergent paths. After thirty years of innovation, no new consensus has emerged. To the contrary, distinct schools think very differently about the right way to do macroeconomic theory and conduct policy.

For today's student of macroeconomics, life is much more difficult than it was forty years ago. Today, multiple models of the economy are in simultaneous use: each has provided valuable insights for policymakers, but none is useful for understanding all important policy questions. To make sense of these competing frameworks, this course takes a historical approach to the development of theory. Doing so allows us to examine the practical contributions of each development in academia, while making clear the limitations of each.

Text and materials:

The required text for this course is *Macroeconomics* by Olivier Blanchard. Due to the time constraint, not every chapter will be covered. I will cover some points out of this textbook. Additional required readings will be assigned in the class.

Evaluation of Performance:

Exams (required): There will be two exams during the course of this class, one midterm exam and one final exam. The midterm exam is worth 35 points, and the final exam is worth 55 points. Notice that the final exam is comprehensive.

Homework: There will be 5-8 homework assignments during the course of this class, worth a total of 10 points. Check my website to find the latest assignment.

All homework must be handed in on time, even if you have to miss the class when it is due. You are encouraged to work in groups (maximum of 2 people to avoid the free-riding problem), with each group member's name on the final single version.

Grading Summary:

Midterm Exam	35%
Final Exam	55%
Homework Assignments	10%

Dates for exams:

The date for the exams and quizzes will be announced in the class a week ahead.

Course Outline and Tentative Schedule:

Date	Description
2/16	Review of syllabus and course expectations; What is Macroeconomics? (Ch. 1) Math review. <i>Problem Set 1.</i>
2/23	Classical Model.
3/2	Classical Model con'd. <i>Problem Set 2.</i>
3/9	Keynesian Model.
3/16	Keynesian Model con'd. <i>Problem Set 3.</i>
3/23	Keynesian Model con'd.
3/30	Keynesian Model con'd. <i>Problem Set 4.</i>
4/6	Midterm Exam.
4/13	Monetarism. <i>Problem Set 5.</i>
4/20	Unemployment and Inflation.
4/27	Unemployment and Inflation con'd. <i>Problem Set 6.</i>
5/4	The Open Economy.
5/11	The Open Economy con'd. <i>Problem Set 7.</i>
5/18	Rational Expectations.
5/25	Rational Expectations con'd. <i>Problem Set 8.</i>
6/1	Review for Final Exam.
TBD	Final Exam.