Overview
Macroeconomics concerns on the behavior of the economy as a whole. The course develops models of markets for goods and services, assets, capital, and labor that can be used to understand macroeconomic variables such as output, employment, inflation, the current account, and interest rates and exchange rates. Models like these form the basis for policy discussions at the Federal Reserve and other policy institutions. Among other things, we will ask

- How does the government’s fiscal policy affect the economy in the short and long run?
- What is the rationale for the stimulus?
- How should the Fed conduct monetary policy?
- Should policy makers be concerned about inflation?
- Why is there unemployment? inflation? What can the government do about them?
- Why are some countries rich and others poor?

Prerequisites
Principles of Economics I, Macroeconomics (V31.0001)
Principles of Economics II, Microeconomics (V31.0002)
Knowledge of calculus (V63.0121).

I also recommend that you take intermediate microeconomics (V31.0010) before taking this course. This is not an official prerequisite, but it will make things easier.

Exams, Problem Sets, and Grades
There will be two midterm examinations and one final examination. The midterm exams will be in class on **February 24** and **April 7**. The final exam will be held at the time scheduled by the University.¹ The final exam will be cumulative. I will also assign a number of problem sets. Many of the problem sets take questions from old exams.

The midterm exams will each count for 20 percent of your final grade, the problem sets will collectively count for 20 percent, and the final exam will count for the remaining 40 percent. The economics department curve for non-principles courses assigns grades of A or A- to the top 29% of the class and grades of B+, B or B- to the next 40% of the class. Grades are based solely on exams and problem sets. Because all students are treated the same, no extra credit or additional work can be offered to individual students.

Complaints and questions about exam grades must be submitted in writing, and we will answer in writing. The first step is to contact your TA. If you cannot resolve your disagreement by corresponding with your TA, you can appeal to me. I will review the exam and correspondence and send you a written decision.²

**Required Materials**
The textbook is Macroeconomics, 7th edition, by N. Gregory Mankiw.

**Recitation Sections**
The purpose of recitations sections is to reinforce material presented in lecture and to review answers for exams and problem sets. The TAs will also be available to answer questions that you may have about the course. You are strongly encouraged to use this resource to clarify course material that you may have found difficult or confusing.

**Course Policies**
1. Appointments: Please contact me by email to arrange an appointment.
2. Cell Phones: Please turn off cell phones before entering the classroom.
3. Responsibility for material covered: You are responsible for everything covered in class and in recitation sections, as well as any announcements made or handouts distributed.
4. Incompletes: The economics department grants incompletes only in genuine emergencies. This must be documented and approved by the department’s Director of Undergraduate Studies in advance of the final exam.


²Questions about economics do not fall under this rule. To decide whether a question is more about your grade or about economics, you should consider whether I’ll have to read your exam in order to answer it. If I do, then the question probably involves grades and is covered by this policy.
5. Make-up exams: Absences from the final exam fall under the department’s policy for incompletes. If you are unable to attend a midterm exam, you must clear it with me in advance. For an excused absence, I will transfer weight to the other exams.

Course Outline
I’ve rearranged the order of topics since the last time I taught the course, so I can’t give you a precise schedule of dates on which topics will be covered. We will proceed in the following order, and I’ll let you know at the end of each lecture what will be covered in subsequent lectures. Stay tuned.

- Introduction and macroeconomic data (chs. 1-2)
- A closed economy
  - The long run
    * Aggregate supply and demand (ch 3)
    * Growth (chs. 7 and 8)
    * Money and inflation (ch. 4)
    * Unemployment (ch. 6)
  - The short run
    * Introduction to business cycles (ch. 9)
    * Aggregate demand (chs. 10-11)
    * The Phillips curve (ch. 13)
    * Debates about monetary and fiscal policy (chs. 15-16)
- An open economy
  - The long run (ch 5)
  - The short run (ch. 12)

Advice
The course is cumulative, and readings and lectures build on what has come before. For that reason, it is important to work steadily throughout the semester. I recommend the following strategy. Skim the readings lightly before each lecture for advance notice of what is coming. Take notes in lecture, marking topics that might be unclear. After lecture, go back and read the assignments carefully, paying special attention to topics that were unclear the first time through. Try to fill in gaps in your lecture notes. For topics that remain unclear, prepare questions for recitation and/or office hours. Come to us early for help. Small problems can turn into big problems if you procrastinate.