Course Information and Procedures

Schedule: M/W 1-2:30pm in Weill 1220

Office hours: Mondays and Wednesdays 2:35 to 3:35 pm in Weill 3309.

Email address: hausmanj@umich.edu

Grading: 4 problem sets 10%; group project 25%; midterm 25%; final 40%

Description
This course will teach students the basic tools of macroeconomics and will apply them to real world economic policy. The goals of the course are for students to: (a) understand how to evaluate macroeconomic conditions such as unemployment, inflation, and growth; (b) understand how monetary and fiscal policy can be used to influence macroeconomic conditions; (c) understand media accounts of macroeconomic events.

Course prerequisites
PUBPOL 555 or Economics 401 (Intermediate Microeconomics), or the equivalent, and graduate standing.

Assignments
There are four problem sets and a group project. The group project will be an assessment of the recent macroeconomic performance and current macroeconomic problems of a particular country. Details on the group project will be distributed later in the course.

Midterm
There will be one in-class midterm on February 25th.

Final exam
The registrar has scheduled the final exam for this course on Thursday April 30th from 1:30-3:30pm. The final will cover the entire course.

Class Participation
Participation in class discussion is highly recommended.
Plagiarism and cheating

I take the Ford School rules seriously, and so should you. From the masters’ student handbook (p. 5) (http://fordschool.umich.edu/files/mpp-handbook-2013.pdf):

The Ford School is a community of scholars who are ardently committed to the free exchange of ideas. As a community we rely on individuals to identify, affirm, and promote the values of academic integrity among students, faculty and staff. A clear sense of academic honesty and responsibility is fundamental to good scholarship. Conduct by Rackham students that violates the ethical or legal standards of the University community or of one’s program or specialization may result in serious consequences, including immediate disciplinary action and future professional disrepute. Among the serious offenses against these standards are: cheating, plagiarism, misrepresentation or falsification of data, dishonesty in publication, falsification or improper modification of an academic record, misuse of human subjects or vertebrate animals, and aiding and abetting academic misconduct. Graduate students are responsible for being familiar with and are held accountable to the standards in all applicable University policies. Information about these policies is maintained by the Rackham Graduate School here: http://www.rackham.umich.edu/policies/academic_policies/. All Rackham students should review this information.

The handbook discusses academic integrity in more depth. If you have questions, please see me. Other resources on this are also available, e.g., http://www.lib.umich.edu/shapiro-undergraduate-library/understanding-plagiarism-and-academic-integrity.

Students with Disabilities

If you believe you need an accommodation for a disability, please let me know at your earliest convenience. Some aspects of this course may be modified to facilitate your participation and progress. As soon as you make me aware of your needs, I can work with the Office of Services for Students with Disabilities to help determine appropriate accommodations. I will treat any information you provide as private and confidential.
Readings

Required textbook:

This textbook is available for purchase at local bookstores under our course number. Students may use earlier (and much cheaper!) editions of the textbook. But be aware that chapter numbering has changed.

Other course readings: Other than this required book, all readings will be available on CTools.

Media and blogs
Students are urged to stay up-to-date with current macroeconomic news. The standard sources are the *Wall Street Journal* ([www.wsj.com](http://www.wsj.com)), the *Financial Times* ([www.ft.com](http://www.ft.com)), and the *Economist* ([www.economist.com](http://www.economist.com)).

An enormous amount of high quality debate about macro policy now occurs on blogs. Particularly recommended are:
- [http://marginalrevolution.com](http://marginalrevolution.com)
- [http://equitablegrowth.org/blog](http://equitablegrowth.org/blog)
- [http://gregmankiw.blogspot.com](http://gregmankiw.blogspot.com)
- [http://www.econbrowser.com](http://www.econbrowser.com)
- [https://growthecon.wordpress.com/](https://growthecon.wordpress.com/)
- [http://johnhcochrane.blogspot.com/](http://johnhcochrane.blogspot.com/)

Daily schedule. Required readings are denoted by an *.

With the exception of the first day (1/7), all readings should be done before class.

I. Classical Theory and1025

1/7: Introduction
- *Mankiw, chapters 1 and 2.

1/12: Gross domestic product (GDP) and its components
- *Mankiw, chapter 3.

1/14: Unemployment
- *Mankiw, chapter 7.

1/21: Money. PROBLEM SET 1 DISTRIBUTED.
- *Mankiw, chapter 4.

1/26: Inflation
- *Mankiw, chapter 5.

1/28: Growth theory I. PROBLEM SET 1 DUE.
- *Mankiw, chapter 8, section 8.1 only.

2/2: Growth theory II.
- *Mankiw, chapter 8, sections 8.2-8.4 only.

2/4: Growth theory III and growth empirics
- *Mankiw, chapter 9, sections 9.1-9.3 only.
II. Business cycles

2/9: Intro to short-run fluctuations.
   • *Mankiw, chapter 10.

2/11: The IS curve.
   • *Mankiw, chapter 11, section 11.1 only.
   • “Are We All Keynesians Now?” The Economist, Debate March 10-13, 2009.

2/16: The IS-MP model. PROBLEM SET 2 DISTRIBUTED.
   • *Romer, D. Short Run Fluctuations, preface and chapter 1 only.

2/18: Government debt and budget deficits.
   • Mankiw, chapter 19.

2/23: Application: The Great Depression. PROBLEM SET 2 DUE.

2/25: Midterm

3/2 and 3/4: Spring break, no class.

3/9: The open economy.
   • *Mankiw, chapter 6.

3/11: Floating exchange rates PROBLEM SET 3 DISTRIBUTED.
   • *Romer, D. Short Run Fluctuations, chapter II, sections II-1 and II-2 only.

3/16: Fixed exchange rates
   • *Romer, D. Short Run Fluctuations, chapter II, sections II-3 and II-4 only.
3/18: Aggregate supply and inflation I. PROBLEM SET 3 DUE.
  • *Romer, D. Short Run Fluctuations, chapter III, section III-1 only.

3/23: Aggregate supply and inflation II.
  • *Romer, D. Short Run Fluctuations, chapter III, section III-2 and III-3 only.

3/25: Application: The role of policymakers. PROBLEM SET 4 DISTRIBUTED.

3/30: The financial system.
  • *Mankiw, chapter 20.

4/1: Stabilization policy reconsidered. PROBLEM SET 4 DUE.
  • *Mankiw, chapter 18.

4/6: Application: The 2008 recession and recovery

4/8: Application: Crisis in Europe

4/13: Group presentations

4/15: Group presentations

4/20: Epilogue and Review. GROUP PROJECT DUE.
  • *Mankiw, epilogue.

4/30 1:30-3:30 pm: FINAL EXAM