

## **Intermediate Macroeconomic Theory**

### **1. INTRODUCTION**

Economics 302 is a course in intermediate macroeconomic theory and policy analysis. Students should have a familiarity with algebra (solving simultaneous equations). Knowledge of basic calculus (partial and total differentials) and introductory statistics (linear regression) will be helpful, but not required. The main part of the course will focus on the IS-LM framework. However, considerable attention will be devoted to international aspects, such as the trade deficit, international capital flows and the exchange rate, as well as domestic issues such as the current financial/economic crisis.

Students enrolling in this course should be comfortable with algebraic and graphical analysis. It requires sustained immersion in relevant economic theory, and does not present a primarily descriptive or historical approach.

### **2. OFFICE HOURS**

Professor Menzie Chinn  
Th 2:30-4:30 (subject to revision)  
Social Sciences 7418  
Phone: 262-7397  
e-mail: [mchinn@lafollette.wisc.edu](mailto:mchinn@lafollette.wisc.edu)

Updated information will be posted on the course website,  
[http://www.ssc.wisc.edu/~mchinn/web302\\_f09.html](http://www.ssc.wisc.edu/~mchinn/web302_f09.html).

### **3. SCHEDULE AND READINGS**

The textbook is Robert Hall and David Papell, *Macroeconomics: Economic growth, fluctuations, and policy*, 6th Edition (Norton, 2005) available at the University Bookstore. Note that older editions of the textbook are not substitutable for the current edition. The textbook website also has some additional materials: <http://www.wwnorton.com/college/econ/hat6/>  
Additional required readings are located under the “Required On-Line Readings” section of the course website. Commentary on current economic conditions at <http://www.econbrowser.com> will also be referred to on occasion. Below is a list of reading assignments, which is subject to revision.

<b>LEC.</b>	<b>DATES</b>	<b>TEXT</b>	<b>Web</b>	<b>TOPICS</b>
1	9/3	1, 2	NBER	Introduction/Measuring performance
2	9/8	3	Wu	Employment
3-5	9/10-17	7	CBO	Short run fluctuations
6-9	9/22-10/1	8	ISLM notes	IS-LM
10	10/6	13	PCO notes	Govt. spending, taxes, deficits
<b>11</b>	<b>10/8</b>			<b>Midterm I</b>
12-13	10/13-15	14		Monetary system
14	10/20		Credit notes	Credit channel
15-16	10/22-27	9	ADAS notes	Economic fluctuations model
17-18	10/29-11/3	10		Consumption
<b>19</b>	<b>11/5</b>			<b>Midterm II</b>
20-21	11/10-12	11		Investment
22-25	11/17-12/1	12	Open notes	Foreign trade & the exchange rate
26	12/3	15		Micro foundations of price stickiness
27	12/8	16		Macro policy model/Taylor Rule
28-29	12/10-15	4		Long run economic growth

### **12/22 (Tuesday) 7:45 AM FINAL EXAM**

#### Readings:

NBER BCDC, "Determination of the December 2007 Peak in Economic Activity" (December 11, 2008).

Wu, "Two Measures of Employment: How Different Are They?" *FRBSF Economic Letters* 2004-23 (August 27, 2004)

CBO, The Budget and Economic Outlook: An Update (September 2009).

Notes on IS-LM

Notes on Portfolio Crowding Out

Notes on the Credit Channel

Notes on Aggregate Demand and Aggregate Supply and Supply Shocks

Weidner and Williams, "How Big Is the Output Gap?" *FRBSF Economic Letters* 2009-12 (June 12)

Notes on the Open Economy

## **4. GRADING**

Letter grading is determined as follows:

- 20% Problem sets
- 50% Two midterm exams (25% each)
- 30% Final examination

There will be *no* make-up midterm exams. Missed midterm exams will increase accordingly the weight assigned to the other midterm and the final exam, provided you have either (1) a valid physician's note attesting to the fact that you have a health issue which prevents you from taking the exam, or (2) contacted your TA and/or the instructor with a reason, which is approved *prior* to missing the exam. Other cases are subject to the instructor's discretion. The problem sets are an integral part of the course. Assignments will be handed into me in lecture on the appropriate date. Late assignments will not be accepted for credit. Although the problem sets do not constitute a large portion of the grade, I strongly encourage you to do the assignments in a timely and serious fashion,

as they provide valuable information regarding your grasp of the concepts.

## **5. ECONOMICS DEPARTMENT GRIEVANCE PROCEDURE**

The Department of Economics has developed a grievance procedure through which you may register comments or complaints about a course, instructor, or a teaching assistant. The Department also uses course evaluations. If you wish to make anonymous complaints to an instructor or teaching assistant, the appropriate vehicle is the course evaluation. If you have a disagreement with an instructor or a teaching assistant, we strongly encourage you to resolve the dispute with him or her. The grievance procedure is for situations where neither the course evaluation nor direct contact is appropriate.

To file a grievance, you should go to Social Science 7238 and request a Course Comment Sheet. On it you must provide a detailed statement about what you find unsatisfactory. You must also sign the sheet, provide your student ID number, an address and phone number. The Department investigates grievances fully and will respond in writing. Your name, address, phone number and student ID will not be provided to the instructor or teaching assistant and will be treated confidentially. The Department uses this information in case the Department Chair or a nominee wishes to meet with the student to gather additional information. The written response is mailed to the address provided by the student.