Intermediate Macroeconomic Theory
(subject to revision)

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 inflationary processes.

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
MW 1-2 (subject to revision)
Social Sciences 7418
Phone: 262-7397
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Updated information will be posted on the course website, http://www.ssc.wisc.edu/~mchinn/web302_s06.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 very substitutable with 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, including from the Economic Report of the President, 2006 (forthcoming in early February). Below is a list of reading assignments, which is subject to revision.
LEC. DATES TEXT Web TOPICS
1 1/18 1, 2 Trehan Introduction/Measuring performance
Fernald&Wang
2 1/23 3 Wu Employment
3-5 1/25-2/1 7 CBO Short run fluctuations
6-9 2/6-15 8 ISLM notes IS-LM
CEA
10-13 2/20-3/1 9 ADAS notes Economic fluctuations model
Fernald&Trehan
12 2/27 Midterm I
14-15 3/6-8 10 PCO notes Govt. spending, taxes, deficits
16-17 3/20-22 11 Doms Investment
18-22 3/27-4/10 12 OPEN notes, Chinn Foreign trade & the exchange rate
20 Midterm II 4/3
23 4/12 13 Markup notes Micro foundations of price stickiness
24-25 4/17-19 14 Meyer Macro policy model/Taylor Rule
26 4/24 Bernanke, Issing, Kohn
27 4/26 Notes on Markup Pricing
28 5/1 4 Daly&Furlong Long run economic growth
29 5/3 Notes on IS-LM Technology & economic growth
5/12 (Friday) 7:25PM FINAL EXAM

Readings:
Wu,"Two Measures of Employment: How Different Are They?" FRBSF Economic Letters 2004-23 August 27, 2004
CBO, Economic and Budget Outlook, January 2006 (posted late January)
Notes on IS-LM
CEA, Economic Report of the President, 2006 (posted early February), macroeconomic chapter only.
Notes on Aggregate Demand and Aggregate Supply
Fernald and Trehan,"Why Hasn't the Jump in Oil Prices Led to a Recession?" FRBSF Economic Letters 2005-31 November 18, 2005.
Notes on the Open Economy
Notes on Portfolio Crowding Out
Notes on Markup Pricing
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. The problem sets 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 of 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.

4.1.2006
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