

22500: Macroeconomics I

Syllabus

City College of New York
Department of Economics
Fall 2010

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Office: NAC 5/141B
Office Hours: Wed. 3.30-5.30 pm

Course Objective: This course is designed to extend material you learned in principles of macroeconomics. We start developing an understanding how economist measure important macroeconomic variables. It covers several macroeconomic topics such as determination of national output, economic growth, unemployment, inflation and interest rates. We analyze the role of Government in policymaking and discuss the effectiveness of monetary and fiscal policies under different theoretical approaches to macro policy.

Prerequisites: Eco 10000 or Eco 10100 or 10101 or Eco 10200 or Eco 10300 or Eco 10400. Basic Calculus and Algebra is required (differentiation theory and partial derivatives)

Textbook: The required text for this class is *Macroeconomics* by N. Gregory Mankiw (5th, 6th, 7th Edition). Additionally, I also recommend this text: *Macroeconomics* by Olivier Blanchard.

Other Required Reading: In addition to readings from the textbook, topical readings from publications as The New York Times, The Economists or The Wall Street Journal, will be discussed in class and included in exam questions. The course material becomes more interesting if you read articles in the press and try to apply what you have learned to real-world events.

Evaluation: Your grade will depend on your performance on:

1. Homework (20%): Problem Sets have to be handed on the due date. Students are encouraged to form groups of 2-3 persons and discuss the problem sets with the members of the group (the group has to hand one copy of the assignment to the professor). Late homework will be not accepted and will receive a grade of zero
2. Midterm Exam (30%): There will be one midterm. Date: It will be announced in Class.
3. Final Exam (50%)

Grading Scale: Score (0 to 100%) for homework, midterm and final exam

FINAL CLASS GRADE = 0.2*homework score + 0.3*Midterm score + 0.5*Final exam score

Exam policy: No make up exam (in case of an emergency, I will need a doctor's note or any other proof)

List of Topics:

1. Introduction

- Scope of Macroeconomics
- Macroeconomic Data: Some Key Macroeconomic Facts: focus on U.S. Economy

2. The Classical Theory: The Economy in the Long-run

- National Income. Basic model: Production Function.
- The Demand Side: Consumption, Investment and Government Spending
- Equilibrium Output
- The Market for Loanable Funds: The Role of the Interest Rate.
- The Money and Inflation

3. Economic Fluctuations in the Short-run

- A Simple Model of Aggregate Demand
- More Features about Aggregate Demand: The goods market and IS curve. The money market and the LM curve. IS-LM model.
- Aggregate Supply
- Fluctuations: IS-LM model and AS-AD model. Fiscal and Monetary Policy. Macroeconomic Policy Debates.

This program has been designed with an ambitious schedule. *A priori* and due to the heterogeneity of the class and the students' knowledge we can have some constraints, in the sense that I might have to slow down and then, we might not cover all these topics. On the contrary, if the schedule leaves us some extra time we will also study:

4. Inflation and Unemployment

- The Phillips curve: the original and the modified Phillips curve
- The NAIRU
- Short run *versus* Long run

Grading System

| Grade | Explanation | Percentage | Quality Points |
|-------|----------------|---------------|----------------|
| A+ | } Excellent | 97-100 | 4.00 |
| A | | 95-96 | 4.00 |
| A- | | 90-94 | 3.66 |
| B+ | } Good | 85-89 | 3.33 |
| B | | 76-84 | 3.00 |
| B- | | 70-75 | 2.66 |
| C+ | } Satisfactory | 60-69 | 2.33 |
| C | | 54-59 | 2.00 |
| C- | | 50-53 | 1.66 |
| D | Passing | 46-49 | 1.00 |
| F | Failure | Below or = 45 | 0.00 |

| Other grades | Explanation |
|--------------|---|
| W | Withdrew without penalty (student initiated) |
| WA | Administrative withdrawal (college initiated) |
| FIN | F due to incomplete from a final exam |
| FAB | F due to absence from a final exam |
| WU/WF | Withdrew without approval |
| INC | Incomplete |
| ABS | Absent from final |
| PEN | Grade pending |
| Z | Grade not yet assigned |