

ECN 207B – Intermediate Macroeconomics
Fall 2017; 10:00 MWF
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Text: Richard Froyen, *Macroeconomics: Theories and Policies*, 10th edition, Pearson, 2012.

Objective: The aim of this course is to make you capable of informed judgment of macroeconomic news and views. You should acquire a knowledge of the basic theoretical tools of macroeconomics, some practice at applying these tools to the understanding of major macro problems, and some awareness of the bases of disagreement over macro theory and policy issues.

Assessment: The course grade will be made up thus: two tests during the semester will count for 25 percent each, homework exercises will count for a total of 10 percent, and a final exam will count for 40 percent.

Syllabus: The material to be covered is divided into six blocks, detailed below. The precise timing of these blocks will depend on our rate of progress, which I shall not try to legislate in advance. (Faced with the need to choose, I think it is better to cover less material, but thoroughly, than a lot of material without real depth.) I have, however, given an approximate number of weeks beside each set of topics. Readings from the Froyen text are indicated; for some of the topics I shall also assign supplementary readings in advance.

1. Introduction to macroeconomics. Nature of the problems to be investigated. Macroeconomic data and ‘stylized facts’. Definition and measurement of key macro variables. National Income and GDP accounts. (Froyen, chs. 1, 2)
(1.5 weeks)
2. The long-run or ‘classical’ macromodel. Production function and labor market; loanable funds market and the rate of interest; money supply and the price level, the Quantity Theory. The ‘classical dichotomy’. (Froyen, chs. 3, 4)
(2–3 weeks, test no. 1 to follow)
3. The short-run or Keynesian macromodel. Aggregate Demand and spending balance. The consumption function and the multiplier. Investment and interest, money supply and demand. The IS/LM model and macro policy. (Froyen, chs. 5, 6, 7)
(3 weeks)
4. Money, banking and monetary policy. (Froyen, chs. 16, 17)
(2–3 weeks, test no. 2 to follow)
5. Some extensions and issues. Foreign trade and the exchange rate; trade deficits, causes and consequences. Fiscal policy and the budget deficit, automatic stabilizers; concerns over long-run effects of the budget deficit. (Froyen, chs. 14, 18)
(3 weeks)
6. Further macro policy issues. The Great Recession, persistent unemployment, the crisis of the Eurozone.
(as time permits)

Final exam date: Wednesday, December 13, 9 am.