

ECONOMICS 204: INTERMEDIATE MACROECONOMIC THEORY

Winter 2009
M-F 12:30- 3:00 PM
Rm: Machmer Hall E-37

Instructor: **Amit Basole**
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Office hours: Tue and Thu, 3-4PM or by appointment
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A. OVERVIEW:

This course develops conceptual foundations and analytic methods in macroeconomics. Topics include the analysis of theories of determination of national income, aggregate employment, and the price level; Monetary and fiscal policy; Inflation; unemployment; open economy macroeconomics; role of future expectations; and the current economic crisis.

B. REQUIRED READINGS:

1. Textbook: **Macroeconomics (4th Edition), Olivier Blanchard, Prentice Hall.** Available at *Amherst Books* (8 Main St. Amherst). **One copy is on print reserve.**
2. The textbook will be supplemented with some extra readings depending upon the topic. I will hand these out in class or email them to you.

C. COURSE REQUIREMENTS AND GRADING

- (i) **In-class assignments (25%):** In each class I will lecture for one hour, followed by half an hour of in-class assignments, and finally one more hour of lecture. So be prepared for an intense 2.5 hours everyday.
- (ii) **Homework assignments (25%):** There will be three homework assignments, one for each week of class.
- (iii) **One midterm exam (25%):** In class, see schedule below.
- (iv) **One Final Exam (25%):** In class, see schedule below.

The following grading system will be followed:

Grade	A	A-	B+	B	B-	C+	C	C-	D+	D	F
Points	> 91	87-90	83-86	79-82	75-78	71-74	67-70	63-66	59-62	50-58	< 50

D. ACADEMIC CONDUCT AND EXAM POLICY

Links to university policy on conduct and academic matters:

http://www.umass.edu/dean_students/code_conduct/ (for general conduct with a link to university policy on academic honesty)

<http://www.umass.edu/registrar/media/academicregs.pdf> (for academic regulations)

E. TOPICS TO BE COVERED

Note: Schedule is subject to change; and you are requested to adjust reading accordingly. All such changes will be announced in class in advance.

A. Introduction

1. Mon, Jan 5th Introduction: Focus of Macroeconomics / Major Macroeconomic Variables
(Blanchard Ch.2)

B. The Basic Model: Short Run

2. Tue, Jan 6th The Goods Market and Financial Markets
(Blanchard Chs.3 & 4)

3. Wed, Jan 7th The IS-LM Model: Goods and Financial Markets
(Blanchard Ch.5)

C. The Basic Model: Medium Run

4. Thu, Jan 8th The Labor Market
(Blanchard Ch.6, Notes on Ch.6 by Jim Crotty)

5. Fri, Jan 9th The AS-AD Model: Putting All Markets Together
(Blanchard Ch.7)

6. Mon, Jan 12th The Natural Rate of Unemployment and the Phillips Curve
(Blanchard Ch.8)

MIDTERM EXAM: TUE, JAN 13, 2009**D. Open Economy Macroeconomics**

7. Wed, Jan 14th Openness in Goods and Financial Markets
(Blanchard Ch.18)

8. Thu, Jan 15th The Goods Market in an Open Economy
(Blanchard Ch.19)

E. Expectations

9. Fri, Jan 16th Financial Markets and Expectations
(Blanchard Ch. 15, Selection from Kindleberger: Manias, Panics and Crashes)

10. Tue, Jan 20th Expectations, Consumption and Investment
(Blanchard Ch. 16, Keynes: Ch. 12 of the General Theory and 1937 QJE Article)

F. Current Crisis and Conclusion

11. Wed, Jan 21st Depressions and Slumps
(Blanchard Ch. 22, Articles on the Current Crisis)

12. Thu, Jan 22nd Summing Up: The History and State of Macro Theory
(Blanchard Ch. 27, Blinder: The Fall and Rise of Keynesian Economics)

FINAL EXAM: FRIDAY, JAN 23, 2009