

## Intermediate macroeconomic theory (ECON 204) Spring 2009

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Lectures: Tu/Th 2:30-3:20am  
HasLab Add 124  
Office Hours: MW 11-12

This course analyses macroeconomic theories for the short and medium run. We cover traditional IS-LM and AS-AD models, discuss the strengths and weaknesses of these models, extend the models to an open-economy setting, and discuss the uses and limitations of fiscal and monetary policy.

### EXAMS AND GRADING

The final grade will be based on a midterm (25%), a final exam (35%), homework assignments and class participation (20%), and quizzes (20%). The midterm exam will be given Thursday 12 March in the evening. Makeup exams will only be given in cases of verifiable medical excuse or other very good reasons. There will be no makeup for quizzes; instead the two worst quizzes will be dropped.

### READINGS

Textbook (available from Food for Thought Books):

Blanchard, O. (2009) *Macroeconomics*, 5th edition; the 4<sup>th</sup> edition is also fine.

Additional readings will be assigned along the way.

The website <http://www.prenhall.com/blanchard> contains an online study guide, some exercises and current events articles. This website has not been updated for the 5<sup>th</sup> edition but the 4<sup>th</sup> edition website is still live and the changes between the two editions are relatively minor.

### OUTLINE

#### **Preliminary plan:**

Jan 27, 29, Feb 3:	Introduction, stylized facts, definitions (chapters 1-2)
Feb 5, 10:	Goods market (chapter 3)
Feb 12, 17	Financial markets (chapter 4)
Feb 19, 24, 26	IS-LM (chapter 5)
Mar 3, 5	The labor market (chapter 6)
Mar 10, 12	AS-AD (chapter 7)
	Spring break
Mar 24, 26	The open economy (chapter 18)
Mar 31, Apr 2	Goods markets in an open economy (chapter 19)
Apr 7, 9	Policy in an open economy (chapters 20-21)
Apr 14, 16	Inflation and the Phillips curve (chapter 8)
Apr 23, 28	Expectations and intertemporal issues (selected parts of chapters 14-17)
Apr 30, May 5, 7	Applications to current debates
May 12	What have we learnt?