Syllabus for
INTERMEDIATE MACROECONOMICS

Course Objectives: The goal of the course is to develop a coherent theoretical framework for thinking about the determination of macroeconomic variables such as national output (or the total amount of a nation’s economic activity), economic growth, unemployment, and inflation. This theoretical framework is used to interpret macroeconomic data and to analyze macroeconomic policy. After completing the course, students should be able to think critically about macroeconomic problems and questions.

Contact Information for Prof. Smith: 28 Hillhouse Avenue (Room 306), 432-3583, tony.smith@yale.edu.

Office Hours for Prof. Smith: Wednesday, 10:30AM–noon, or by appointment.

Class Meetings: Lectures take place on Mondays and Wednesdays from 9AM to 10:15AM in Luce 101. (There is also one lecture on Friday, January 14 at the same time and place.) In addition to attending lectures, students are expected to attend and participate in a weekly section taught by one of three teaching fellows. The purpose of the sections is to review course material, go over problems, and engage in informal discussion. The sections take place on Wednesday, Thursday, and Friday at times and locations to be determined. The sections do not begin meeting until the third week of the semester and then take place every week thereafter.

Teaching Fellows: The teaching fellows, who will lead the sections, are: Santiago Bazdresch (santiago.bazdresch@yale.edu), Yi Shu (yi.shu@yale.edu), and Ivan Vidangos (ivan.vidangos@yale.edu).

Prerequisites: Students are expected to have completed two semesters of introductory economics (the equivalent of Econ 115 and Econ 116). Students are also expected to know how to use univariate differential calculus.

Course Web Site: Course announcements, homework assignments, answer keys, readings from the popular press, slides from lectures, and other course material will be posted regularly to the course web site at: http://www.econ.yale.edu/smith/econ154b.

Grading: Nine homework assignments will constitute 20% of your grade. The midterm exam (which takes during the regularly scheduled lecture on Monday, February 21) will constitute 30% of your grade and the final exam (which takes place between May 3 and May 10 during the final exam period) will constitute 50% of your grade. Both of the exams will be closed-book and closed-notes.

Completed homework assignments are to be handed in at the beginning of lecture on the due date. Homework assignments will be graded according to the following scale: $\sqrt{+}, \sqrt{\cdot}, \sqrt{-}$. Late homework assignments will be not be accepted and will receive a grade of zero. The lowest homework grade, however, will be dropped when determining the overall homework grade.

Learning macroeconomics requires that you work problems in addition to doing the assigned readings, attending lectures, and participating in sections. The weekly homework assignments, therefore, are a critical component of the course. Many of the exam questions will be similar to questions posed on the homework assignments. Students are encouraged to discuss the homework assignments with others, but are expected to write their answers in their own words.

Readings: The course will follow the textbook closely. Although some chapters in the textbook will receive more emphasis than others, the overall plan for the course is to cover the entire book. Because the lectures cover only the key points of each of the chapters, reading and studying the textbook in a timely fashion is an essential part of the course. Additional resources associated with the textbook are available online at: http://www.aw.com/abel_bernanke.

In addition to readings from the textbook, topical readings from such publications as The Economist, The Wall Street Journal, The New York Times, Financial Times, and Business Week will occasionally be posted to the course web site (whose address is given above). In general, you will find the course material more interesting if you read articles in the popular press on economics and business as the course progresses and try to apply what you have learned to real-world events.
COURSE CALENDAR

The schedule of lectures below is approximate, but the schedule of homework assignments and exams is exact. With the exception of the first two weeks of the semester, section meetings take place every week, on either Wednesday, Thursday, or Friday (exact times and locations to be determined later). Homework assignments will be posted to the course web site (http://www.econ.yale.edu/smith/econ154b) by 5PM on the indicated dates. Answer keys to the homework assignments will be posted on the course web site shortly after the due dates. Graded homework assignments will be returned to students in the sections immediately following the due dates.

Week 1
Mon., Jan. 10: Lecture (Chapter 1: Introduction to Macroeconomics)
Wed., Jan. 12: Lecture (Chapter 2: Measuring the Macroeconomy)
Fri., Jan. 14: Lecture (Chapter 3: The Market for Labor)
   Homework #1 posted
Sections do not meet this week

Week 2
Mon., Jan. 17: Martin Luther King, Jr. Day (no lecture)
Sections do not meet this week

Week 3
Mon., Jan. 24: Lecture (Chapter 4: The Market for Goods)
   Homework #1 due (at the beginning of lecture)
   Homework #2 posted
Wed., Jan. 26: Lecture (Chapter 7: The Market for Assets)
Sections begin meeting this week

Week 4
Mon., Jan. 31: Lecture (Chapter 7: The Market for Assets)
   Homework #2 due (at the beginning of lecture)
   Homework #3 posted
Wed., Feb. 2: Lecture (Chapter 8: Facts about Business Cycles)
Week 5
Mon., Feb. 7: Lecture (Chapter 9: The IS-LM/AS-AD Model)  
            Homework #3 due (at the beginning of lecture)  
            Homework #4 posted
Wed., Feb. 9: Lecture (Chapter 9: The IS-LM/AS-AD Model)

Week 6
Mon., Feb. 14: Lecture (Chapter 9: The IS-LM/AS-AD Model)  
                Homework #4 due (at the beginning of lecture)
Wed., Feb. 16: Catch-Up Lecture and Review for Midterm Exam

Week 7
Mon., Feb. 21: MIDTERM EXAM

Week 8
Mon., Feb. 28: Lecture (Chapter 10: Classical Business Cycle Analysis)  
                Homework #5 posted
Wed., March 2: Lecture (Chapter 11: Wage and Price Rigidity)

SPRING BREAK!

Week 9
Mon., March 21: Lecture (Chapter 11: Wage and Price Rigidity)  
                  Homework #5 due (at the beginning of lecture)  
                  Homework #6 posted
Wed., March 23: Lecture (Chapter 12: The Phillips Curve)

Week 10
Mon., March 28: Lecture (Chapter 14: Monetary Policy)  
                 Homework #6 due (at the beginning of lecture)  
                 Homework #7 posted
Wed., March 30: Lecture (Chapter 15: Fiscal Policy)
Week 11
Mon., April 4: Lecture (Chapter 6: Long-Term Economic Growth)
   Homework #7 due (at the beginning of lecture)
   Homework #8 posted
Wed., April 6: Lecture (Chapter 6: Long-Term Economic Growth)

Week 12
Mon., April 11: Lecture (Chapter 5: Saving and Investment in the Open Economy)
   Homework #8 due (at the beginning of lecture)
   Homework #9 posted
Wed., April 13: Lecture (Chapter 13: The IS-LM Model in an Open Economy)

Week 13
Mon., April 18: Lecture (Chapter 13: The IS-LM Model in an Open Economy)
Wed., April 20: Catch-Up Lecture and Review for Final Exam
   Homework #9 due (at the beginning of lecture)

FINAL EXAM (to take place between May 3 and May 10)