

Yale Summer Session 2018 --- ECON S116

Introduction to Macroeconomics

Instructor

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Office hours: TBA.

Teaching assistant

Me again.

Class room and times

TBD in TBD.

Class website

TBD

Description

This is a standard introductory course in macroeconomics. It does not require any background knowledge or specific mathematical know-how.

In the first half of the course, we'll concentrate on the determinants of the long-term well-being (or not) of the economy and focus on questions such as the causes of economic growth, whether economic growth is desirable and why some countries are so much richer than others. The emphasis of our analysis will be on the underlying economic mechanisms to get a better understanding of which policies might be growth-promoting and why so many policies have failed in the past.

In the second half of the course we'll look at short-run fluctuations, i.e., recessions. Our leading case study will be the recent financial crisis of 2007/09 and the following recession and recovery (sort of) in the US. As in the first half of the course, we'll concentrate on the underlying economics of these phenomena. First, we'll cover the economic mechanisms explaining the financial crisis and the near-collapse of the US financial system. Then we'll study the economics of recessions using standard economic models. Lastly, we'll use all this economic analysis to examine, from an academic economic viewpoint, two important recent policy debates: (a) the regulation of financial markets and (b) the effectiveness of the different policy options of the federal government during a recession (increased government spending, tax rebates, quantitative easing, etc.).

Grades and exams

There will be (quasi-)weekly problem sets, a midterm and a final.

Your final grade will be the best of the following two combinations:

25% homework + 30% midterm + 45% final

25% homework + 15% midterm + 60% final

NB: The first option rewards students who do well on the midterm. The second option gives students who didn't do too well on the midterm a second chance by putting more weight on the final exam.

Good class participation can push your letter grade up a notch if you are close to a cutoff.

Textbook (required)

Charles I. Jones, *Macroeconomics*, 4th ed., 2017. W. W. Norton & Company. ISBN 978-0393603767.

Buy the 4th edition! It will be available at the Yale bookstore.

Schedule (preliminary)

Day	Topic(s)	Book chapter(s)
1	Logistics	
	Introduction	1
	Measuring the economy	2
2	Measuring the economy	2
	Long-run growth	3
3	Long-run growth: the Solow growth model	5
	Long-run growth: extensions	6.1, 6.2
4	Basics of banking and finance	10.4
5	Money and inflation	8
6	<i>Midterm (90 minutes)</i>	
	The short-run: an introduction	9
7	The great recession: a first look	10
	The IS curve	11
8	Monetary policy and the Phillips curve	12
	Stabilization policy	13
9	The great recession: using our model	14
	The government budget	18
10	Conclusion / open discussion	
	<i>Final exam (2 hours)</i>	