Topics in Macroeconomics

Introduction:

This course will use the tools of macroeconomics to address current questions in economic policy debates. These include the causes of the recent financial crisis, the use of unconventional monetary policies by the Federal Reserve, the effectiveness of fiscal stimulus, the slow recovery and the economics of Euro and US trade deficit.

The course makes extensive use of the framework taught in Intermediate Macroeconomics, Economics 100B or 100N. It also will teach some more advanced mathematical tools to examine some of the topics. Familiarity with the core material from Economics 100B is a prerequisite, and some knowledge of econometrics (at the level of Economics 113) is necessary to understand many of the readings. The course requires that you be able to work with basic economic models (including in a mathematical form), but the focus of the course will be on using your knowledge of macroeconomics to understand current economic issues. Students are strongly encouraged to bring up current problems for discussion in class, as time permits.

Textbooks and readings:

We will use an intermediate textbook for background: the textbook reading assignments are given to refresh and extend your knowledge of intermediate macroeconomics. You should simply choose the book you used in 100B or its equivalent. Readings in Blanchard, Macroeconomics, and in Jones, Macroeconomics, are listed on the reading list. You do not need to read both, but you may wish to read parts of the one you did not use in 100B. All other readings will be available on the web linked to the course webpage.

Readings marked with a * are recommended, optional readings. Other readings are required but only specific parts of longer articles will be assigned in lecture.

Evaluation:

There will be two midterm exams and a final exam. Homework assignments will familiarize you with the exam questions. Tentative dates for in-class midterms: Midterm 1: Thursday April 21, Midterm 2: Thursday May 19. The final exam is scheduled for Monday, June 6, 8-11 am.

Locations:

Webpage: http://people.ucsc.edu/~kkletzer/105sp11.ntm

Office Hours - Mondays 3:30-4:30 and Fridays 10-11, or by appointment, in 461 E2.
Email - kkletzer@ucsc.edu
Readings and Preliminary Lecture Schedule

1. Macroeconomics Review (and extension) (1st week)

Blanchard, Chapters 7-9 and 14 and 17, or Jones, Chapters 9-12
Jones, Chapters 3-6, or Blanchard, Chapters 11-13.

2. Stabilization Policy (2nd week)


3. How is Monetary Policy Made? (3rd week)


4. Monetary Policy before the Crisis (4th week)


5. Financial Markets in the Macroeconomy (5th week)

Blanchard, Chapters 15, Jones, Chapter 13


6. The Financial Crisis (5th – 6th week)

Jones, Chapter 14


7. A Quick Look at the Past (6th week)


8. Monetary Policy at the Zero Lower Bound (7th week)

* Blanchard, Chapter 22


10. The Labor Market in the Recession (9th week)


11. Public Debt and Taxes (9th week)

Blanchard, Chapter 26 or Jones, Chapter 15


12. Open Economy Policy Issues (10th week)

* Blanchard, Chapters 18-21 or Jones 16-17
