Course Description
This class is an in-depth exploration of how macroeconomic models help us explain and predict the behavior of the aggregate economy. We begin by examining measures of the macro-economy and their determination in the short-run (when prices do not change). We study the Keynesian IS-LM model and show how the market for goods and services interacts with the market for bonds and money balances to jointly determine output and interest rates. We follow that with study of the labor market and its connections with the goods and money markets in a model of the medium run. Following the neoclassical approach, we then examine and critique the long-run Solow Growth Model. We also examine the implications of all these models for an open economy.

Text: Macroeconomics, Olivier Blanchard. Prentice Hall, 3rd edition

Grading
Final 30%
Midterm 30%
Problem sets 24% (4% each)
Attendance and participation 16%

Exams
Exams will cover material from lectures, problem sets and the textbook. Exams are not cumulative.

MIDTERM: in class Friday 10/10
FINAL EXAM: TBA
Problem Sets
Problem sets have to be handed in not later than the *beginning* of lecture the day they are due. No late problem sets will be accepted but for *very unusual* circumstances (and only once). An answer key will be posted on the web for each problem set after its due date.

| Problem Set #1: | F 9/5 |
| Problem Set #2: | F 9/19 |
| Problem Set #3 | F 10/3 |
| Problem Set #4 | W 10/29 |
| Problem Set #5 | W 11/12 |
| Problem Set #6 | F 11/28 |

**Tentative Schedule of Readings** in Blanchard:

Precise reading assignments will be announced ahead of time in class and online:

**Chapters**

1-2 Introduction to macroeconomics
3-5 The Short Run: The IS-LM Model
6-7 The Medium Run: The AS-AD Model
10-12 The Long Run: The Solow Growth Model
18 Open macro-economics
19-21 The open-economy IS-LM model
25-26 Fiscal and Monetary Policy

**Suggestions**

This course will not be difficult if you read the assigned readings, attend lectures, and do the problem sets. Make use of my office hours. I will respond to emails with specific questions about the material or the problem sets. Studying only before exams will most likely not be sufficient.