

# EC211 Macroeconomics

Seminar Leader: Beatrice Farkas

Course Times: Tue 13:30 - 15:00, Thu 13:30 - 15:00

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## Course Description

Macroeconomics is the study of the entire economy in terms of the total amount of goods and services produced, total income earned, the level of employment of productive resources, and the general behavior of prices. Until the 1930s most economic analysis concentrated on individual firms and industries. With the Great Depression of the 1930s, however, and the development of the concept of national income and product statistics, the field of macroeconomics began to expand.

This course seeks to equip you with the basic tools of the subject. We first analyze classical macroeconomics models to understand the way economies behave. We then focus our attention on short run business cycles, the periods of recession and boom that occur on a regular basis. An important part of the course is to investigate the role of governments in affecting the long and short-term economic prospects of their countries. In the last part of the course we'll discuss long term economic growth and its determinants, the main factors that lead to a higher standard of living in a country over time.

During the course we will confront a range of macroeconomic issues and scenarios: fiscal policy, monetary policy, the effects of budget deficits, changes in consumer spending, inflation. We will also explain the sources of differences in countries' incomes.

A piece of advice: It is a good idea to keep yourself attuned into the world of economic affairs as we go ahead. When you open any newspaper most of the pressing policy issues are usually macroeconomic in nature. By the end of the semester you will be considerably better placed to analyze the various dimensions of these policy debates and form your own independent and educated opinion. Check in occasionally on the latest economics headlines. Further, if you do not understand something you read, you are encouraged to raise it in class.

## Requirements

**Pre-requisite:** Students taking this class should have already successfully completed *Principles of Economics*.

You should be familiar with high school level differential calculus and algebra (taking derivatives of simple functions, solving two equations with two unknowns, etc). More importantly, if you are uncomfortable with mathematics you should reconsider enrolling in this course. We will not be using advanced calculus but solving simple equations, drawing graphs and elementary differential calculus will be components of the course.

### **Textbook**

We will use 'Macroeconomics by Blanchard and Johnson , 6<sup>th</sup> Global Edition (or earlier editions)

### **Attendance**

Attendance at ALL classes is expected. More than two absences (that is absences from two sessions of 90 minutes) in a semester will significantly affect the grade for the course. The two absences are meant as **insurance policy for you** in case of illness or other unforeseen yet important events outside of the classroom.

Please make sure to consult the Student Handbook for regulations governing periods of illness or leaves of absence: "Bard College Berlin cannot offer credit for any course in which a student has missed more than 30% of classes, whether the absences are on documented medical grounds or not".

### **Google Classroom:**

During the semester, course materials such as lecture slides, readings, discussion questions, homework problems and solutions, will be posted on Google classroom. All students are expected to make use of the course materials posted on google classroom. Please sign in for the course using the code provided in the first session of class (classroom.google.com).

### **Assessment**

Grades will be based on attendance, preparation for classes, class participation, problems sets, as well as a mid-term (60 minutes) and a **cumulative** final examination (90 minutes). The problem set with the worst grade will not count towards the grade. No makeup or early exams will be given.

### **Policy on late submission of exercises**

Problem sets are due as per instructions in the Google Classroom course platform. Late submissions as per the student handbook regulations may not be technically supported.

### **Class Participation**

**Attendance** - is expected of everyone. However, attendance alone does not ensure a passing participation grade.

All students are expected **to participate actively** in class. Your participation grade will reflect attendance, frequency of contributions, and the quality of your contributions to in-class discussions. Quality means informed contributions and thoughtful analysis of the material. This requires doing the reading ahead of time.

### **Grade breakdown**

Seminar preparation, active participation, and professionalism 20%  
Problem sets (best 2 out of 3) 20%  
Mid-term exam 30%  
Final examination 30%

## Schedule

The schedule provided is provisional in order to allow for flexibility. It is the students' responsibility to keep themselves informed of any changes to the schedule provided here.

### A. INTRO and CLASSICAL MACRO THEORY

Week 1 – Introduction/ Central variables in macroeconomics

Jan 31, Feb 2

Reading: Blanchard and Johnson, Ch. 1-2

### B. THE SHORT RUN: BUSINESS CYCLES AND KEYNESIAN MACROECONOMICS

Week 2 – The market for final goods: GDP

Feb 07, Feb 09

Reading: Blanchard and Johnson, Ch. 3

Week 3 – Financial markets: money and interest rates

Feb 14, Feb 16

Reading: Blanchard and Johnson, Ch. 4

Week 4 – Money and interest rates /

Feb 21, Feb 23

Reading: Blanchard and Johnson, Ch. 4- 5

### C. MACROECONOMIC POLICY DEBATES

Week 5 – IS-LM model / Putting all markets together: AS-AD model

Feb 28, Mar 2

Reading: Blanchard and Johnson, Ch. 5, 7

Week 6 – AS-AD model

Mar 7, Mar 9

Reading: Blanchard and Johnson, Ch. 7

Week 7 – Phillips Curve and natural rate of unemployment

Mar 14, Mar 16 (Mid-term exam, March 16., 13:30 - 14:30 classroom)

Reading: Blanchard and Johnson, Ch. 8

Week 8 – The Crisis

Mar 21, Mar 23

Reading: Blanchard and Johnson, Ch. 9

### D. LONG RUN GROWTH

Week 9 – Stylized facts about economic growth

Mar 28, Mar 30

Reading: Blanchard and Johnson, Ch. 10

Week 10 – Role of savings and investment to growth

Apr.4, Apr 06

Reading: Blanchard and Johnson, Ch. 11

(Spring break: Apr 10-14)

Week 11 – Technological progress and growth

Apr 18, Apr 20

Reading: Blanchard and Johnson, Ch. 12

Week 12 – Productivity and growth

Apr 25, Apr 27

Reading: Blanchard and Johnson, Ch. 13

Week 13 – Institutions, inequality, and growth

May 2, May 4

Reading: Blanchard and Johnson, Ch. 13

E. OPEN ECONOMY (time permitting)

Week 14 – Openness in goods and financial markets

Reading: Blanchard and Johnson, Ch. 18

Week 15 – Completion Week (**FINAL EXAM on Tuesday May 16, 13:30 - 15:00 classroom**)

*Classes missed due to federal holidays will not be rescheduled.*

## **Professionalism**

Being a student is your full-time job and with it come a set of responsibilities and expectations, as with any other job. Maintaining a professional attitude towards your course of studies is something that also prepares you for later work life. A professional attitude towards your studies is shown by coming to class on time, being prepared, being courteous to your teachers and fellow students. It is exhibited by writing your essays with care, actively participating in class, avoiding distractions (excessive bathroom breaks, using smartphones to check on irrelevant issues during class etc.), not missing classes except for the most dire of circumstances and in general by adapting to the rules of the course without trying to bargain for personal exceptions.

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