

December 27, 2005

SYLLABUS

MACROECONOMIC THEORY AND POLICY ANALYSIS

Instructor: William Helkie

Public Affairs 641

TEXTBOOK: Macroeconomics by Rudiger Dornbusch, Stan Fischer, and Richard Startz. Ninth Edition (New York: McGraw-Hill). (D-F).

Supplementary Materials: Speeches and Testimonies on www.federalreserve.gov

Macroeconomics is concerned with the behavior of the economy as a whole. Macroeconomics addresses the determination of the economy's total output of goods and services (GDP), the growth of output, the determinants of the price level and the rate of inflation, the factors that determine employment (and unemployment), the balance of payments, and exchange rates.

The purpose of this course is to address macroeconomics in theory and practice. The first two-thirds of the semester will be devoted to developing the tools needed to examine the issues addressed in the course. The remaining third of the course will be devoted to addressing specific economic problems that face, or have faced, the United States and the rest of the world.

There are three exams: two mid-terms (about 20-25% each) and a final (about 50-55%). The emphasis in class will be on analysis of macroeconomic issues, and students are expected to master the methods of analysis used extensively in class. Therefore, I recommend that you work through the lectures and the assigned text. You should know the definitions of the key terms at the end of the chapters. You should also attend some of the sessions conducted by the Teaching Assistant if you are having difficulty understanding the methods of analysis in the lectures and quizzes..

EXAMS: three exams will be given:

The first mid-term exam (March 1) will account for 20-25 percent of the final grade.

The second mid-term exam (April 5) will also account for 20-25 percent of the final grade.

The final exam (May 17) will cover the last part of the course along with questions from the first two parts and will constitute 50-60 percent of the final grade.

OFFICE: (Federal Reserve -- (202) 452-3836)

OFFICE HOURS will be held after class.

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CLASS SCHEDULE

Section I: BASIC MACROECONOMIC FRAMEWORK

January 25	Introduction to Macroeconomics D-F Chapter 1. National Income Accounting D-F Chapter 2 Chairman Greenspan's Monetary Policy Testimony – July 20, 2005 Federal Reserve Monetary Policy Press Release (12/13/05) and Minutes of Meeting
February 1	National Income Accounting D-F Chapter 2 Determination of Income and Spending D-F Chapter 9
February 8	Determination of Income and Spending D-F Chapter 9 Money, Interest, and Income D-F Chapter 10, 17
February 15	Money, Interest, and Income D-F Chapter 10, 17 Monetary and Fiscal Policy D-F Chapter 11 International Linkages D-F Chapter 12 Review for the Exam.
February 22	Monetary and Fiscal Policy D-F Chapter 11 International Linkages D-F Chapter 12 Review for the Exam
March 1	MIDTERM EXAM
March 8	International Linkages D-F Chapter 12 Price Determination (Aggregate Supply and Demand) D-F Chapter 5, 6, 7
March 15	Price Determination (Aggregate Supply and Demand) D-F Chapter 5, 6, 7
March 29	Price Determination D-F Chapter 5, 6, 7, 19 Long-term Growth and Productivity D-F Chapter 3, 4 Review for the Exam.

April 5 MIDTERM EXAM II

Section II: TOPICS IN MACROECONOMICS

- April 12 Monetary and Fiscal Policy
D-F Chapter 8, 15, 16
Macroeconomic Stabilization Policy in Practice
D-F Chapter 8, 15, 16
Handout: Taylor Rule
Governor Meyer's Speech before NABE, November 27, 2001
Governor Bies's Remarks at American Association of Individual Investors, Oct 23, 2004
Remarks by Governor Kohn at NABE Policy Conference, March 25, 2004
Governor Gramlich's Remarks at ASSA, January 4, 2003
Governor Gramlich's Remarks at NABE Luncheon, February 25, 2004
Chairman Greenspan's speech at ASSA in San Diego, January 3, 2004
Chairman Greenspan's speech and closing remarks at Jackson Hole, August 26,27, 2005
- April 19 Macroeconomic Stabilization Policy in Practice
D-F Chapter 8, 15, 16
The Depression and Policy in the Current Conjuncture
D-F Chapter 18
Governor Bernanke's Remarks at the University of Chicago, Nov. 8, 2002
Governor Bernanke's Remarks at Washington and Lee University, Mar 2, 2004
Chairman Greenspan's Remarks in New York, December 19, 2002
- April 26 International Adjustment and Interdependence, Bretton Woods and its Demise;
Sustainability of the U.S. Current Account Deficit
D-F Chapter 19
Speech by Governor Bernanke at NYU, February 3, 2003
Governor Gramlich's Remarks at NABE Luncheon, February 25, 2004
- May 3 Reagonomics, Clinton and the 1990s, Good Policies or Good Luck?
Chairman Greenspan's Speech at the Reagan Library, April 9, 2003
Governor Meyer's Speech before NABE, November 7, 2001
- May 10 Analysis of Current Conjuncture
Chairman Bernanke's Monetary Policy Testimony, February 2006
Governor Meyer's Speech before NABE, Nov 27, 2001
Governor Bies's Remarks at American Association of Individual Investors, Oct 23, 2004
Remarks by Governor Kohn at NABE Policy Conference, March 25, 2004
Governor Bernanke's Remarks at the AEA, January 4, 2004
Course Review
- May 17 Final Exam