

This course provides an introduction to macroeconomics and standard theoretical models of the determinants of output, employment, the price level and interest rates. The course also deals with selected topics related to international macroeconomics.

I will briefly review some background material (about macroeconomic aggregates and their measurement in practice) typically covered in a Principles of Macroeconomics course. We won't, however, have much time to spend on this material. You should read my class notes (cited below) before class and ask me about additional readings (from a Principles text) if my notes are not sufficiently clear.

The main focus of the course is analytical. Our analytical discussion will cover two broad areas: (1) macroeconomic performance and growth in the long run; (2) short-run (business-cycle) fluctuations and stabilization (fiscal and monetary) policies. My presentation of analytical topics will mostly follow the textbook,

Mankiw, N. Gregory (2007), Macroeconomics (sixth edition, Worth).

Some of the homework problems assigned below are from the same text. The rest of the homework problems (A to N below) will be distributed at the beginning of the course.

Your course grade will be determined by homework assignments (worth 20 percent of the grade), two quizzes (worth 10 percent each), and a cumulative final exam (worth 60 percent).

My email address is bdibal@jhu.edu. I'll hold office hours in Rome 205.

Course Outline:

7/28 Introduction to macroeconomics and measurement of macroeconomic aggregates

Mankiw's Chapters 1 and 2, and my notes entitled "Measuring the Price Level and Output"

7/30 Employment and Output in the Long Run

Mankiw's Chapters 3 and 6 and my notes entitled "Unemployment"

Homework due: A

8/1 Employment and Output in the Long Run, continued

Homework due: B, C and D

- 8/4 Saving, Investment, and the Trade Balance in the Long Run
Mankiw's Chapter 5, and my notes entitled "Saving, Investment, and the Trade Balance"
Homework due : E and F plus Mankiw's Problems: 1, 3, 5 and 6 in Chapter 3
- 8/7 Saving, Investment, and the Trade Balance, continued
Homework due : Mankiw's Problems 2, 3, 5 and 6 in Chapter 6
- 8/8 Money and Inflation
Mankiw's Chapter 4
First Quiz
- 8/11 Economic Growth
Mankiw's Chapters 7 (**read before class**) and 8
Homework due: G, H and I
- 8/12 Economic Growth, continued
Homework due: J
- 8/13 Short-run economic fluctuations
Mankiw's Chapter 9
Homework due: Mankiw's Problems 1, 2 and 3 in Chapter 7; 2 and 3 (with a correction I will suggest in class) in Appendix to Chapter 8
- 8/15 Aggregate Demand
Mankiw's Chapter 10
Homework due: Mankiw's Problem 2 in Chapter 9
- 8/18 The IS-LM model
Mankiw's Chapter 11
Homework due: K and L plus Mankiw's Problems 4 and 5 in Chapter 10
Second Quiz

8/20 Aggregate Supply

Mankiw's Chapter 13

Homework due: Mankiw's Problems 2, 3, 6 and 7 in Chapter 11; 1 in Appendix to Chapter 11

8/21 Monetary policy and the interbank market

Mankiw's Section 18.1, my notes entitled "The Interbank Market"

Homework due: Mankiw's Problems 3, 4 and 5 in Chapter 13