

ECON 102 - Intermediate Macroeconomics

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Course Description: This is an intermediate-level course in macroeconomics. Topics include (i) the measurement of output and prices, (ii) determinants of economic growth, (iii) business cycle fluctuations, (iv) analysis of fiscal policy and (v) monetary economics. Observations from the US economy and from a number of other economies will be used throughout the course.

Grading:

Homework 20%

Midterm Exam 30%

Final Exam 50%

Exam Policy: There is no make-up exam for the midterm exam. You are not required to take it. If for whatever reason a student fails to take the exam at the scheduled time, then all the weight of the exam will be put on the final exam. If you take the midterm exam, then the score counts.

Exam Date: Midterm is Wed. Oct. 28.

Homework: All homeworks will be put up on my website. Due dates will be indicated via email. Late homeworks will not be accepted. Homeworks may be done in teams of up to two people total. Names of all team members must be written on each homework. Electronic submission of homework is not acceptable. You can turn in the homework early (not late!) in my mailbox in the economics department. The department is on the 5th floor of the ICC building.

Materials: These are in two parts. All materials are on the website free of charge.

Part 1 is a book (in a very early stage). It is titled "Macroeconomics: A Growth Theory Perspective". In what follows, BOOK- CH. X will mean chapter X from this book.

Part 2 contains Readings. They are a collection of articles that one can find in various locations on the web, but are simply collected here for simplicity.

OUTLINE:

1 Measurement of Output and Prices

Material: BOOK-CH.2 and Readings 1

2 Economic Growth

2.1 Neoclassical Production Function (Material: BOOK-CH 3)

2.2 Solow Growth Model (Material: BOOK-CH 3)

2.3 Golden Rule (Material: BOOK-CH 3)

2.4 Growth Accounting (Material: BOOK-CH 3)

2.5 Two Articles on Productivity (Material: Readings 2)

3 Elements of the Life-Cycle Model

3.1 Dynamic Consumer Theory (Material: BOOK-CH 4)

3.2 The Life-Cycle Model (Material: BOOK-CH 5)

4 Business Cycle Fluctuations (Material: BOOK-CH 6 and Readings 4)

4.1 Business Cycle Facts

4.2 Business Cycle Theory

4.1 Gains to Eliminating Business Cycles

5 Fiscal Policy (Material: BOOK-CH 7 and Readings 5)

5.1 Debt and Deficits

5.2 Ricardian Approach to Budget Deficits

5.3 An Analysis of Funded and Unfunded Social Security Systems

6 Money (Material: Readings 6)

6.1 Objects Serving as Money Historically

6.2 Relationship Between Money, the Price Level and Interest Rates

6.3 Monetary Policy

6.4 Nominal Exchange Rates

READINGS:

1. Measurement of Output and Prices
 - Food for Thought
 - Bias in the Consumer Price Index
 - Changes in the Wealth of Nations
2. Economic Growth
 - The Myth of Asia's Miracle
 - Competitive Pressure and Labor Productivity
3. Life-Cycle Model: No Readings!
4. Business Cycles
 - Business Cycles: Real Facts and a Monetary Myth
 - Cost of Business Cycles Calculation
 - Great Moderation
5. Fiscal Policy
 - The Ricardian Approach to Budget Deficits
6. Money
 - The Economic Organization of a POW Camp
 - Some Monetary Facts
 - Money and Interest Rates
 - Markets in Foreign Exchange are Different From Other Markets