

**Econ 302: Macroeconomics**  
**Professor Shelton**  
**Schedule of Lectures and Exams**  
**Spring 2007**

**Week 1**

Lecture 1: Wednesday January 24<sup>th</sup>

Introduction

Reading: 1, 2, 3.1

Topics: Course business  
Overview of Macro

**Week 2**

Lecture 2: Monday January 29<sup>th</sup>

Goods market in the SR

Reading: 3.2, 3.3, 3.4

Topics: Three types of equations: identities, behavioral equations, equilibrium conditions.  
Rationale for national income accounting  
Logic of goods market equilibrium  
Logic and timing of adjustment  
Multiplier

Lecture 3: Wednesday January 31<sup>st</sup>

Money market in the SR

Reading: 4.1, 4.2, 4.3

Topics: Stock vs. flow variables  
Three models of money supply and demand  
Financial market innovations

**Week 3**

Lecture 4: Monday February 5<sup>th</sup>

IS-LM

Reading: 5: 89-99

Topics: Movements vs. shifts  
Derivation of IS and LM curves  
Solving for equilibrium output and interest rates

Lecture 5: Wednesday February 7<sup>th</sup>

IS-LM *bis*

Reading: 5: 99-110

Topics: Examples of shifts in curves  
Fiscal and monetary policy mix  
Short run adjustment mechanisms and the duration of the short run

**Week 3**

Lecture 6: Monday February 12<sup>th</sup>

Labor Market

Review: 6.1

Reading: 6.2 – 6.6, appendix

Topics: Labor market transitions: quits, layoffs, hires  
Wage-bargaining and Price Markup  
Structural unemployment

Lecture 7: Wednesday February 14<sup>th</sup>

AS-AD

Reading: 7.1, 7.2, 7.3

Topics: Logic of AS-AD  
Derivation of AS and AD  
Natural rate of output and unemployment

#### **Week 4**

Lecture 8: Monday February 19<sup>th</sup>

AS-AD bis

Reading: 7.4, 7.5

Topics: Factors that shift AS and AD  
Adjustment from SR to MR  
Examples of policy changes

Lecture 9: Wednesday February 21<sup>st</sup>

Inflation and Unemployment

Reading: 8.1, 8.2, 8.3

Topics: Why we care about inflation.  
Derive the Phillips curve and expectations augmented Phillips curve.  
Backward-looking expectations and alternatives.

#### **Week 5**

Lecture 10: Monday February 26<sup>th</sup>

Output and Unemployment

Reading: 9.1, 9.2

Topics: Disconnecting output and employment  
Okun's Law  
Relating to AS-AD

Lecture 11: Wednesday February 28<sup>th</sup>

Review

Reading: none

Topics: The big picture: how the models fit together.

#### **Week 6**

Lecture 12: Monday March 5<sup>th</sup>

Potential Output (LR growth)

Reading: 10.3, 11.1, 11.2

Topics: Determinants of potential output  
Solow's insight

Midterm 1: Wednesday March 7<sup>th</sup>

Applying AS-AD

## Spring Break

### Week 7

#### Lecture 13: Monday March 26<sup>th</sup>

Real vs. nominal variables

Reading: none

Topics: Real vs. nominal variables  
Neutrality of money  
PPP

#### Lecture 14: Wednesday March 28<sup>th</sup>

Real and nominal interest rates in IS-LM

Review: 14.1, 14.2

Reading: 14.3, 14.4

Topics: Real interest rates in IS curve  
Natural real interest rate.  
SR vs. MR dynamics of real and nominal rates.

### Week 8

#### Lecture 15: Monday April 2<sup>nd</sup>

The Yield Curve

Reading: 15.1, 15.2

Topics: Expectations and term structure  
Accommodation and neutralization by the Fed

#### Lecture 16: Wednesday April 4<sup>th</sup>

Consumption

Reading: 16.1

Topics: Lifecycle income hypothesis  
Permanent income hypothesis  
Testing using consumption data

### Week 9

#### Lecture 17: Monday April 9<sup>th</sup>

Investment

Reading: 16.2, 16.3

Topics: Expected future profits  
Tobin's Q  
Relative volatility of investment and consumption

#### Lecture 18: Wednesday April 11<sup>th</sup>

Expectations and Monetary Policy

Reading: 9.3, 17.1, 17.2

Topics: Sacrifice ratios  
Lucas Critique  
Nominal rigidities

## **Week 10**

Lecture 19: Monday April 16<sup>th</sup>

[Exchange Rates and Interest Rates](#)

Reading: 18

Topics: Measuring real and nominal exchange rates  
Current and capital accounts  
Uncovered interest parity

Lecture 20: Wednesday April 18<sup>th</sup>

[Goods Market in an Open Economy](#)

Reading: 9.3, 17.1, 17.2

Topics: Net Exports and the Keynesian Cross  
Current account, savings, and investment  
Exchange rate dynamics

## **Week 11**

Lecture 21: Monday April 23<sup>rd</sup>

[SR Equilibrium in an Open Economy](#)

Reading: 18

Topics: Mundell-Fleming

Lecture 20: Wednesday April 25<sup>th</sup>

[Exchange Rate Regimes](#)

Reading: 20.5, 21.1

Topics: Fixed and flexible rates in the SR and MR

## **Week 12**

Lecture 21: Monday April 30<sup>th</sup>

[Goods Market in an Open Economy](#)

Reading: 21.4, 21.6

Topics: Exchange rates as a function of home and foreign interest rates and inflation  
Rational currency crises  
Optimum currency areas

Midterm 2: Wednesday May 2<sup>nd</sup>

[The Role of Expectations, Open Economy Macro](#)

## **Week 13**

Lecture 22: Wednesday May 7<sup>th</sup>

[Fiscal Policy Wrap-up](#)

Reading: 17.3, 26.1, 26.2, 26.3

Topics: Barro-Ricardian equivalence

Reading Period: May 9-13

**Final Exam:** Wednesday May 16, 2-5pm

[Cumulative](#)