

# Wesleyan University

## ECON 302-01: Macroeconomic Analysis

Professor: David J. Kuenzel  
dkuenzel@wesleyan.edu  
Office: PAC 416

Spring 2024, TR 10:20-11:40, PAC 101  
Office Hours: T 12-1, Th 1-2  
or by appointment

Macroeconomics is the study of aggregate economic variables (output, prices, unemployment, and investment) and their interactions. In this class, we will focus on two key topics: (i) explaining business cycles in the short and medium run, and (ii) the sources of economic growth over longer periods of time. Over the course of the semester, we will develop a general theoretical framework based on a synthesis of both classical and Keynesian economics. In the process, we will evaluate recent domestic and international economic events.

### Prerequisites

Economics 110 and Economics 300. This class requires familiarity with basic microeconomic concepts such as utility and profit maximization. We will also regularly use algebra and calculus.

### Course Materials

Textbook: Olivier Blanchard, *Macroeconomics*, 8th edition (ISBN: 9780134897899).

Moodle: I will post additional readings and other course materials (problems sets, practice exams, etc.) on our Moodle course site during the semester.

In addition to completing the readings for the class, I also require you to follow current macroeconomic events. Good sources of macroeconomic news are *The Economist*, *The Wall Street Journal (WSJ)* or the *Financial Times (FT)*. This is a good way to experience macroeconomics ‘in action’ and to apply the concepts you learn in class to the real world. You can find links to current subscription offers on the Moodle course site. The full online content of the WSJ and FT can also be accessed free of charge through the [library](#).

### Course Requirements

There will be two in-class non-comprehensive midterms and a comprehensive final exam, plus regular problem sets. The weights of the different elements for the final course grade are:

- Problem sets (10%): There will be six problem sets over the course of the semester. Each of them will be assigned one week before the due date. Problem sets are due in class. If you cannot make it to class, you need to contact me and leave your problem set before class in my mailbox

in the Economics department (PAC 111). Late problem sets will not be accepted, and no extensions will be granted. You are encouraged to work together on the problem sets. However, I require an individual write-up by each student.

- Midterm 1 (25%): tentatively scheduled for Tuesday, February 27.
- Midterm 2 (25%): tentatively scheduled for Thursday, April 11.
- Final exam (35%): 10am-noon, Wednesday, May 15.
- Class participation (5%): I highly value class participation and encourage you to raise questions and to comment on level, pace and the content of the course during the semester. In addition, I will frequently open topics up for discussion. General guidelines for your class participation grade: frequent absences (or tardiness): *C*, demonstration of good understanding of material through occasional participation in class discussion: *B*, frequent participation in class discussion and raising insightful questions: *A*.

## **Class Organization**

You are responsible for completing all assigned readings before coming to class. In the lectures, we will frequently extend the material beyond what you find in the textbook. Prior familiarity with the assigned readings is therefore essential to follow the presented material.

In order to not divert my or the attention of your classmates, the use of cell phones and laptop computers is not permitted during class time. You are allowed to use a tablet to take notes. However, any other usage is not permitted to minimize distractions for others in the classroom. Violations of this policy will lower your class participation grade.

Wesleyan University is committed to ensuring that all qualified students with disabilities are afforded an equal opportunity to participate in, and benefit from, its programs and services. To receive accommodations, a student must have a disability as defined by the ADA. Since accommodations may require early planning and generally are not provided retroactively, please contact Accessibility Services as soon as possible. If you have a disability, or think that you might have a disability, please contact [Accessibility Services](#) in order to arrange an appointment to discuss your needs and the process for requesting accommodations. Accessibility Services is located in North College, rooms 021/022, or can be reached by email ([accessibility@wesleyan.edu](mailto:accessibility@wesleyan.edu)) or phone (860-685-5581).

## **Grading and Exams**

Midterm exams will not be given at any other times during the term. In case you miss a midterm exam due to illness or another serious emergency, the weight for your final exam will be increased accordingly. If you are not able to make it to an exam due to a serious reason, you have to contact me on the same day and explain what happened. In any case you will have to show proper valid documentation as soon as possible after the missed exam, such as a doctor's note.

In case you believe a grading mistake has been made on a problem set or exam, you may submit a written request for a re-grade within one week after the assignment was returned. As a result of a re-grade, your grade can go up, down, or stay the same. In line with [FERPA](#) regulations, no grading information will be shared via email. In case of grading questions, students are encouraged to attend office hours.

## Honor Code

I expect you to adhere to the [Wesleyan University Honor Code](#). All submitted work, whether it is an exam or problem set, must be your own. Although I encourage you to work together on problem sets, I require an individual write-up by each student and I will not tolerate if you copy others' work. Any academic dishonesty will be reported to the Vice President for Student Affairs and the Student Honor Board.

## Tentative Course Schedule\*

Class	Date	Chapter	Topic	Notes
1	01/25		I. Introduction	
2	01/30	2		
3	02/01	2/3		
4	02/06	3	II. The Short Run	
5	02/08	4		Problem Set 1 due
6	02/13	4		
7	02/15	5		
8	02/20	5/6		Problem Set 2 due
9	02/22	6/7		
<b>Midterm 1</b>	<b>02/27</b>		III. The Medium Run	
10	02/29	7		
11	03/05	8		
12	03/07	8/9		
13	03/26	9		Problem Set 3 due
14	03/28	17	IV. The Open Economy	
15	04/02	17/18		
16	04/04	18		Problem Set 4 due
17	04/09	19		
<b>Midterm 2</b>	<b>04/11</b>			
18	04/16	19/20		
19	04/18	20		
20	04/23	10	V. The Long Run	
21	04/25	11		Problem Set 5 due
22	04/30	11		
23	05/02	12		
24	05/07	12		Problem Set 6 due
<b>Final Exam</b>	<b>05/15</b>			<b>10am-noon</b>

\* Subject to change. Check regularly for an updated version on Moodle.

## **Additional Readings (all available on Moodle):** \* indicates required reading

### **I. Introduction**

#### Chapter 2:

\*Ip, Greg, "Meet the New Economy, Same as the Old Economy," *The Wall Street Journal*, December 20, 2023.

<https://www.wsj.com/world/asia/meet-the-new-economy>

\**The Economist*, "How Countries Calculate Their GDP," March 26, 2014.

<http://www.economist.com/node/21599744>

The Economist, "America v Europe: A Comparison of Riches Leaves Both Sides Red-faced," August 11, 2022.

<https://www.economist.com/finance-and-economics/2022/08/11/america-v-europe>

*The Economist*, "Measuring the 1%: Economists Are Rethinking the Numbers on Inequality," November 28, 2019.

<https://www.economist.com/briefing/2019/11/29/economists-are-rethinking>

### **II. The Short Run**

#### Chapter 3:

\*Ball, Laurence, Daniel Leigh and Prakash Loungani (2011), "Painful Medicine," *Finance & Development*, September: 20-23.

*The Economist*, "Fiscal Multipliers: Where Does the Buck Stop?" August 13, 2016.

<http://www.economist.com/node/21704784>

#### Chapter 4:

\**The Economist*, "Central Banks Should Make Clear What QE Is for, and Then Reverse It," August 21, 2021.

<https://www.economist.com/leaders/2021/08/21/central-banks-should-make-clear>

Timiraos, Nick, "Higher Interest Rates Fuel Losses at the Federal Reserve," *The Wall Street Journal*, October 31, 2022.

<https://www.wsj.com/articles/higher-interest-rates-fuel-losses-at-the-federal-reserve>

#### Chapter 5:

\*Sheiner, Louise, Sophia Campbell, Manuel Alcalá Kovalski and Eric Milstein, "How Pandemic-era Fiscal Policy Affects the Level of GDP," *Brookings*, October 19, 2021.

<https://www.brookings.edu/articles/how-pandemic-era-fiscal-policy-affects-gdp/>

Romer, David H. (2000), “Keynesian Macroeconomics without the LM Curve,” *Journal of Economic Perspectives*, 14(2): 149-169.

#### Chapter 6:

\**The Economist*, “The Origins of the Financial Crisis: Crash Course,” September 7, 2013.  
<http://www.economist.com/node/21584534/>

Krugman, Paul, “How Did Economists Get It So Wrong?” *The New York Times Magazine*, September 2, 2009.  
[http://www.nytimes.com/2009/09/06/magazine/06Economic-t.html?\\_r=0](http://www.nytimes.com/2009/09/06/magazine/06Economic-t.html?_r=0)

### III. The Medium Run

#### Chapter 7:

\*Bureau of Labor Statistics, “How the Government Measures Unemployment – Where Do the Statistics Come From?”  
[http://www.bls.gov/cps/cps\\_htgm.htm#where](http://www.bls.gov/cps/cps_htgm.htm#where)

\**The Economist*, “Where Have All America’s Workers Gone?” January 24, 2023.  
<https://www.economist.com/graphic-detail/2023/01/24/>

#### Chapter 8:

\*Mankiw, N. Gregory, “Yes, There Is a Trade-Off between Inflation and Unemployment,” *The New York Times*, August 9, 2019.  
<https://www.nytimes.com/2019/08/09/business/trade-inflation-unemployment-phillips.html>

\**The Economist*, “Hidden Figures: Why Does Low Unemployment No Longer Lift Inflation?” August 22, 2020.  
<https://www.economist.com/why-does-low-unemployment-no-longer-lift-inflation>

#### Chapter 9:

\*Ip, Greg, “Could a Recession Still Be Years Away? Steady Growth, Moderating Inflation Improve Odds of Extended Expansion,” *The Wall Street Journal*, July 27, 2023.  
<https://www.wsj.com/articles/could-a-recession-still-be-years-away>

Blanchard, Olivier (2020), “The COVID Economic Crisis,” *Additional Chapter for ‘Macroeconomics’ 8<sup>th</sup> Edition*.

### IV. The Open Economy

#### Chapter 17:

\**The Economist*, “The Dollar Is Now Better Value, Says the Big Mac Index,” August 3, 2023.  
<https://www.economist.com/finance-and-economics/2023/08/03/>

## Chapter 18:

\*Back, Aaron, “Waiting to Ride Japan’s Export Curve,” *The Wall Street Journal*, March 11, 2014.

<https://www.wsj.com/articles/waiting-to-ride-japans-export-curve>

Hannon, Paul, “Why Weak Currencies Have a Smaller Effect on Exports,” *The Wall Street Journal*, December 27, 2015.

<https://www.wsj.com/articles/why-weak-currencies-have-a-smaller-effect-on-exports>

## Chapter 19:

\*Stone, Mark, Harald Anderson and Romain Veyrune (2008), “Exchange Rate Regimes: Fix or Float,” *Finance & Development*, March: 42-43.

*The Economist*, “The Mundell-Fleming Trilemma: Two Out of Three Ain’t Bad,” August 27, 2016.

<https://www.economist.com/schools-brief/2016/08/27/two-out-of-three-aint-bad>

## Chapter 20:

\*Friedman, Milton, “The Euro: Monetary Unity to Political Disunity?” *Project Syndicate*, August 28, 1997.

<https://www.project-syndicate.org/the-euro--monetary-unity-to-political-disunity>

*The Economist*, “Is the Euro Zone’s Doom Loop Still to Be Feared?” June 23rd, 2022.

<https://www.economist.com/finance-and-economics/2022/06/23/>

## V. The Long Run

### Chapters 10-12:

\* Charles I. Jones (2023), “The Outlook for Long-term Economic Growth,” *NBER Working Paper No. 31648*.

\**The Economist*, “Why Long-term Economic Growth Often Disappoints,” May 7, 2022.

<https://www.economist.com/why-long-term-economic-growth-often-disappoints>

Romer, Paul (1994), “The Origins of Endogenous Growth,” *Journal of Economic Perspectives*, 8(1): 3-22.