

Economics 146: Economic Stabilization

Spring 2008; Tu-Th 11AM – 12:20 PM

Lecturer: Dr. Darrel Cohen

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Office Hours: Tu-Th 12:30PM – 2:00 PM

Prerequisites: Economics 110A and 110B

Teaching Assistants:

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Course Overview

This course discusses definitions and facts about business cycles, the theory of stabilization policy, models of business cycles, and fiscal and monetary policies as tools for stabilizing the economy. The material on monetary policy will have somewhat of an insider's perspective, reflecting my experience as an economist at the Federal Reserve Board for my entire career. The course will contain a balanced presentation of theory and empirical evidence.

Textbooks and Other Reading

I have not found any textbooks completely suitable for this course. You may find the textbook assigned for the Economics 110 sequence useful from time to time; the book is *Macroeconomics* by Olivier Blanchard (Pearson, Custom Publishing). I may assign recent speeches, testimonies, etc. by Federal Reserve officials; also I may assign readings from the Congressional Budget Office. Finally, I will make available extensive lecture notes on the course webCT page; parts of *Macroeconomics* by Andrew Abel, Ben Bernanke, and Dean Croushore (Pearson, Addison Wesley, publisher) are used in the lecture notes. Also, the lecture notes contain references for further reading; required readings will be announced in class.

Useful Web sites

www.federalreserve.gov/releases/ this contains downloadable economic data

www.federalreserve.gov/monetarypolicy/fomc.htm this contains FOMC statements, etc.

www.federalreserve.gov/pf/pf.htm this contains *Purposes and Functions*

www.federalreserve.gov/newsevents/speech/2007speech.htm this contains speeches of Governors

<http://research.stlouisfed.org/fred2/> this contains downloadable economic data

www.nber.org/cycles.html/ this contains lots of useful information about business cycles

Course Grade: I plan to give one midterm and a final exam. Their contribution to your final grade is as follows:

Midterm 30%

Final 65%

Notice that these do not add to 100%, because I will use homework, extra credit, and class participation to fill in the remaining 5%. Class participation is hard to quantify and thus you should not count on it adding much to your grade, certainly in comparison to homework. Feel free to work together on homework assignments. Also, if I feel the class is losing focus after the first midterm, I will give a second midterm. In this case, which I hope is unlikely because you all will be working hard throughout the course, each midterm will be worth 20% and the final exam will be worth 55% of your final grade (with homework, etc. making up the remainder).