

## **Syllabus for Economics 146: Economic Stabilization**

Spring 2011; Tuesday and Thursday from 3:30 PM to 4:50 PM; CSB, Room 002

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Office Hours: Tuesday and Thursday, 1 PM to 2:30 PM

### **Course Overview**

This course discusses facts about business cycles, models attempting to explain business cycle facts, the theory of stabilization policy, 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. On the empirical side, you will be asked to complete a hands-on homework assignment that involves the downloading and statistical analysis of lots of macroeconomic data.

### **Textbooks and Other Reading**

I have not found any textbooks completely suitable for this course, so I rely primarily on extensive lecture notes posted on the course webCT page. The textbook assigned for the Economics 110 sequence will be useful from time to time; the book is *Macroeconomics* by Olivier Blanchard (updated 5<sup>th</sup> edition, 2011, Pearson, Custom Publishing). I may assign recent speeches, testimonies, etc. by Federal Reserve officials; also I may assign readings from the Congressional Budget Office. Also, parts of *Macroeconomics* by Andrew Abel, Ben Bernanke, and Dean Croushore (Pearson, Addison Wesley, publisher) are drawn on occasionally in the lecture notes. The lecture notes contain references for further reading; required readings—in addition to the online lecture notes—will be announced in class.

### **Useful Web sites**

[www.federalreserve.gov/releases/](http://www.federalreserve.gov/releases/) this contains downloadable economic data

[www.federalreserve.gov/monetarypolicy/fomc.htm](http://www.federalreserve.gov/monetarypolicy/fomc.htm) this contains FOMC statements, etc.

[www.federalreserve.gov/newsevents/speech/2009speech.htm](http://www.federalreserve.gov/newsevents/speech/2009speech.htm) this contains speeches of Governors

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

[www.nber.org/cycles/main.html](http://www.nber.org/cycles/main.html) and [www.nber.org/cycles/recessions.html](http://www.nber.org/cycles/recessions.html); these contain lots of useful and “official” 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      33%

Final          66%

Notice that these do not quite add to 100%, because I will use homework, extra credit, and class participation to fill in the remainder. In practice, these non-exam factors can help raise your grade if you are right on the borderline (e.g. between a C+ and B-). 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 all 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 59% of your final grade (with homework, etc. making up the remainder).