

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

Spring 2012; Tuesday and Thursday from 3:30 PM to 4:50 PM; Center Hall, Room 115

Instructor: Dr. Darrel Cohen

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

### **Course Overview**

This course presents facts about business cycles, models attempting to explain these 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 career experiences as an economist at the Federal Reserve Board. 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 Ted 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/2012speech.htm](http://www.federalreserve.gov/newsevents/speech/2012speech.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% (Note: the midterm will be given after the 2<sup>nd</sup> of 4 class modules)

Final          67%

The final exam will be comprehensive. Performance on homework and in class potentially can help students whose exam scores place them just below a cut line for a particular grade (e.g., a C+ based solely on exam scores could turn into a B- grade.), although this is a fairly rare event. Final course grades will be curved.