

Economics for International and Public Affairs II - U4201
Spring 2010
SIPA–Columbia University

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Office Hours:
TBD

Teaching Team

Name	Email	Office Hours
Casey Gheen (TA)	clg2147@columbia.edu	TBD
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Anne Schulze (Tutor)	as3473@columbia.edu	TBD
Carlos Perez (Tutor)	cap2176@columbia.edu	TBD

Teaching Schedule

Section 1

MW 9:00am-10:30am (Room 410)
Recitation (Casey)
R 9:00am-10:30am (Room 404)
or R 6:10pm-7:40pm (Room 404)

Section 3

MW 12:30am-2:00pm (Room 410)
Recitation (Tyler)
F 9:00am-10:30am (Room 410)
or F 12:30pm-2:00pm (Room 410)

Section 2

MW 10:45am-12:15pm (Room 410)
Recitation (Leah)
R 9:00am-10:30am (Room 405)
or R 2:10pm-3:40pm (Room 410)

Section 4

MW 4:30pm-6:00pm (Room 410)
Recitation (Dominik)
F 10:45am-12:15pm (Room 410)
or F 3:10pm-4:40pm (Room 413)

Course Description

This course continues the one-year sequence initiated with U4200 and focuses on macroeconomics. The goal of this course is to provide you with the analytical framework to examine and interpret observed economic events in the global economy. We will first familiarize with the measurement of the macroeconomic variables that are used to evaluate the well-being of nations. Next, we will build from microeconomic principles to clarify the causal links between macroeconomic aggregates. The subject matter will always refer to concrete situations with a particular focus on the causes and effects of the current global financial crisis. The controversial nature of macroeconomic policies will be central.

Textbook

The textbook used as a general reference for this class is *Macroeconomics* 6th Edition by Abel, Bernanke, and Croushore (ABC), Addison Wesley. Previous editions by Abel and Bernanke are equally good.

Requirements

You are required to attend all classes and recitations, complete homework assignments, make a group presentation, and take a midterm and a final exam. The grade for the course is a weighted average of five grades: attendance, participation and punctuality (5%), group presentation (10%), homework assignments (20%), midterm (30%), final (35%). *Grades will be curved according to the overall performance of the four sections.* Free-riding in your homework group will be penalized. Cheating will not be tolerated. **Having access to the answer keys of assignments and exams from previous years is considered cheating.**

Problem Sets

There will be eleven problem sets, which will be made available on courseworks. The problem sets before the midterm and the final will be posted together with the solution and will not be graded. The schedule of the problem sets is the following:

Problem Set	Available	Due
1	January 27	February 3
2	February 3	February 10
3	February 10	February 17
4	February 17	February 24
5	February 24	**Not due**
6	March 3	March 24
7	March 24	March 31
8	March 31	April 7
9	April 7	April 14
10	April 14	April 21
11	April 21	**Not due**

Groups of up to **four** students may submit homework assignments together. Group members can be from any section of the course. Hand in only one homework for each group. Please remember to write the names of all the group members on the first page of your answers to the problem set. Problem sets must be submitted in one of the two mailboxes on the 6th floor (near the Student Affairs office) assigned to our course (#51 and #53). You may not email your answers. Graded homework will be returned to the folder of the first student listed on the homework.

Exam Dates

Midterm: March 5th (to be confirmed)

Final: May 7th (to be confirmed)

Please let me know within the first two weeks of classes if you cannot make any of these dates.

Courseworks

This class uses courseworks; Check the course page regularly at <https://courseworks.columbia.edu/> for updates. Problem sets, solutions and readings will be posted there.

Discussion Board

If you have a question on any of the topics of the course, post a note on the discussion board of courseworks. The teaching team will reply.

Outline of the course

1. Introduction to the Macroeconomy: Measurement Issues

National income accounting: the measurement of GDP and GNP

Real and Nominal GDP, Inflation

The Exchange Rate and GDP comparisons across countries

Saving and wealth: measurement of and uses of savings

The Government Budget

The Balance of Payments

Interest rates: Real vs nominal values

2. The Labor Market

Production function

Supply of labor: the labor-leisure trade-off

Demand for labor

Labor market equilibrium

Unemployment

3. The market for Goods in Closed and Open Economies

Saving vs consumption: the Fisher diagram, the desired level of savings and the life-cycle hypothesis

Investment: the desired capital stock

The goods market equilibrium in the closed economy

The goods market equilibrium in the open economy

4. Introduction to the Asset Market

The Supply of Money and the banking system

The Quantity Theory of Money

The Demand for Money

Asset Market Equilibrium

The Term Structure of Interest Rates

Inflation in the Long Run

5. Introduction to Business Cycle Theory

History of Business Cycles

The IS-LM Model

Price Adjustments, Classical vs Keynes

Monetary and Fiscal Policy in the Keynesian Model

Aggregate Demand and Aggregate Supply

Permanent Shocks and Wealth effects

Misperceptions theory

The Phillips Curve

6. The Open Economy

Exchange Rates in the Long Run and in the Short Run

Exchange Rate Regimes

Currency Crises

IS-LM Model in the Open Economy