COURSE CONTENT:

Following a brief discussion of basic economic problems, and of the "economic way of thinking," a more extended discussion of resource allocation in a market economy is presented. The historical and institutional aspects of contemporary capitalism are then incorporated into the analysis, with particular emphasis falling on the role of government. The measurement of key economic variables—national income, price and output indices, employment and unemployment, interest rates, and so on—is next considered, since interactions among these variables constitute the central analytical problem of the course. This central problem initially involves only the "real sector" but progressively more complicated models which incorporate asset markets are seen to be necessary. The emphasis throughout is on policy-relevant understanding (e.g. Do interest rates rise or fall when the money supply is increased? What happens in the economy if government expenditure, taxes, or the money supply change? How is the unemployment rate affected? Other concerns are woven into the discussion at various points: income distribution, discrimination, the money supply process, public sector economics, international trade, growth, and stabilization problems and policies.

TEXT:


(Tentative—3rd Edition not yet available)

COURSE OUTLINE AND READING ASSIGNMENTS

I. Introduction to Economic Thinking and Tools
   A. Text—Chapters 1, 2
   B. Lecture notes

II. Supply, Demand and the Market System
    A. Text—Chapter 3
    B. Lecture notes

III. Public Sector, Taxes and Government Spending
     A. Text—Chapters 4, 5
     B. Lecture notes

IV. The Circular Flow and Measurement of Aggregate Economic Activity
    A. Text—Chapters 6, 7
    B. Lecture notes

V. The Simplest Keynesian Economic Model
    A. Text—Chapter 8
    B. Lecture notes
1st MIDTERM EXAMINATION

VI. Policy and Topics--The Simple Model
   A. Text--Chapters 9, 10
   B. Lecture notes

VII. Money and the Banking System
   A. Text--Chapter 11
   B. Lecture notes

VIII. The More Complete Keynesian Model
   A. Text--Chapter 12
   B. Lecture notes

2nd MIDTERM EXAMINATION

IX. Monetarism, Inflation and New Directions of Macroeconomics
   A. Text--Chapter 13, 14, 15
   B. Lecture Notes

X. International Trade
   A. Text--Chapters 16, 17
   B. Lecture notes

XI. Development, Growth and Comparative Systems
   A. Text--Chapters 18, 19
   B. Lecture notes

XII. Public Choice and Miscellaneous topics in Macroeconomics
    A. Text--Chapters 20, 21, 22
    B. Lecture notes (esp. Macrodynamics and Depression)

FINAL EXAMINATION