NEW YORK UNIVERSITY
ROBERT F. WAGNER SCHOOL OF PUBLIC SERVICE

PADM-GP2138
Macroeconomics, Global Markets, and Policy
Spring 2015

Time: Tuesday 6:45pm-8:25pm
Classroom: 25 West 4th Street, Room C-20

Instructor: Prof. Ngina Chiteji
E-mail: nc518@nyu.edu
Office hours: Tuesdays 3:30 - 5:30pm in Room 410, 1 Washington Place Bldg.

Course description
This course teaches the principles of closed and open-economy macroeconomics with an emphasis on macroeconomic policy. The course develops a framework for understanding the forces that determine national output, employment, inflation, interest rates, exchange rates, international trade, capital flows and other key macroeconomic variables. This framework is used to evaluate macroeconomic policies in the context of different national environments.

By the end of the course, students will understand: (1) The measurement and behavior of key macroeconomic aggregates, including output, consumption and the accumulation of physical capital; (2) The role of central banks and the challenges they face in designing and implementing monetary policy; (3) The impact of fiscal policy choices such as government budget deficits and the accumulation of public debt.

Prerequisites
The prerequisites for this course are,
CORE-GP 1018 Microeconomics
CORE-GP1021 Financial management

This course requires a working knowledge of the material learned in the prerequisite courses. Students should review their textbooks and notes from the prerequisite courses before this course begins, and refer to them throughout the course as needed.

Students must be able to draw and interpret graphs, and to use algebra to manipulate and solve equations. If you are unsure about these skills, please work through the relevant chapters of the Wagner Math Review Course Packet that is available online.

Website
I will use NYU Classes to post announcements and documents for this course. I also may send announcements through the NYU Classes e-mail system, so please check your NYU email regularly or set up email forwarding from that system.

Books and other readings

Required books

Recommended
Supplemental readings
For some weeks, we will draw on content from other readings posted on NYU Classes. Moreover, some homework assignments may involve additional readings or case studies for you to analyze.

Course requirements and grading
Class participation (10%)
Homework assignments (10%)
1 Midterm exam (30%)
1 Final exam (50%)

Notes about these assignments:
[1] There will be no make-up exams. If you have a conflict with either of the scheduled exam dates please do not take the course at this time.

[2] Exams typically will be based on lectures, homework assignments, and readings covered during our class discussions. I will let you know in advance if there are additional readings that you need to be familiar with for the exams.

[3] There will be 5 homework assignments. On weeks that homeworks are due, they must be submitted by the beginning of class (in print form). Late assignments will not be accepted. Homework assignments will be graded on a check +; check; check-minus system. You will receive a check if you make a good faith effort to solve all the problems and turn in the assignment on time. Each homework assignment will be worth 1 to 3 points. At the end of the semester, your homework 'grade' will be re-scaled to a 100% scale and then averaged in with your scores for the other course elements.

[4] Simply showing up for class does not guarantee you a high grade for the class participation component of the course. Students are expected to attend every class meeting so simply being present in class will only earn you a C for class participation. To get a higher class participation score, you need to speak up during class (when questions are asked, for example), and to participate actively in class discussions.

Preparing for class
To prepare for class you should make sure to read the relevant textbook chapter(s) prior to coming to the class lecture. Class lectures generally will be focused on (a) helping you to understand the technical details of the macro models that we are covering, (b) highlighting key take-away points from the textbook, and (c) policy applications of the material that we're covering. Accordingly, you need to make sure you already understand the more basic concepts, such as terminology and definitions, before you get to class.

Powerpoint slides for each week’s lecture will be posted on NYU Classes on the Sunday before our class meeting.

Additionally, for the two weeks during which our entire class period will be devoted to discussion, you need to make sure (i) to complete the relevant book before class and (ii) to come armed with a list of the main argument(s) that you think the text is trying to make and specific examples of ways that concepts and theory from our class are incorporated in the reading.

Overall workload for this course: This is a 4-credit course so, as per the guidelines of the State Dept of Education, you should expect to be doing an average of 8 hours of work outside class per week for this course.
Academic integrity
As members of the NYU Wagner community, we are all expected to adhere to high standards of intellectual and academic integrity. Please review the academic code here: http://wagner.nyu.edu/current/policies/index.php

For this particular course, there are additional standards regarding behavior, as noted below. Violations of these standards will result in automatic failure of the course and will be reported to the discipline committee for further action.

Regarding homework assignments
While students are encouraged to work in groups on the homework, the final write-up of assignments must be done individually, with no sharing of written answers.

Exams
The exams must be the sole work of the individual student. Exams are closed-book.

Abbreviated course schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>HW due?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/27</td>
<td>Introduction to the course, Measurement issues, and the Data of Macroeconomics [KW Chpts 6, 7 and 8]</td>
<td></td>
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<tr>
<td>2/3</td>
<td>The income-expenditure model Part-1 [KW Chpt. 11]</td>
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<tr>
<td>2/10</td>
<td>The income-expenditure model continued</td>
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<tr>
<td>2/17</td>
<td>The AD/AS model [KW Chpt 12]</td>
<td>HW #1 due</td>
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<tr>
<td>2/24</td>
<td>NO class / Prof. Chiteji is at a policy meeting in DC</td>
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<tr>
<td>3/3</td>
<td>Fiscal policy in the AD/AS model [KW Chpt 13]</td>
<td>HW#2 due</td>
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<tr>
<td>3/10</td>
<td>midterm</td>
<td></td>
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<tr>
<td>3/17</td>
<td>Spring break</td>
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<tr>
<td>3/24</td>
<td>Money, the banking system, the Fed and monetary policy in the AD/AS model Part-1 [KW Chpts 14 &amp; 15]</td>
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<tr>
<td>3/31</td>
<td>Money, the banking system, the Fed and monetary policy in the AD/AS model Part-2</td>
<td></td>
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<tr>
<td>4/7</td>
<td>Crises and Consequences* [Bernanke's The Federal Reserve and the Financial Crisis]</td>
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<tr>
<td>4/14</td>
<td>Economic growth [KW Chpt. 9]</td>
<td>HW#3 due</td>
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<tr>
<td>4/21</td>
<td>Interest rate determination in the long run and fiscal policy's long run considerations [KW Chpts 10 &amp; parts of 13]</td>
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<tr>
<td>4/28</td>
<td>Open-economy macro [Chpt. 19]</td>
<td>HW#4 due</td>
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<tr>
<td>5/5</td>
<td>Some developing country case studies* [Henry's Turn-Around: Third World Lessons for First World Growth]</td>
<td>HW #5 due</td>
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<tr>
<td>Tues, 5/19 EVENING</td>
<td>FINAL EXAM</td>
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*These two days will conducted in a seminar format in which students are expected to come prepared to discuss the main ideas in the day's texts.
Course organization & Detailed Weekly Schedule

A. Measurement Issues & The Data of Macroeconomics
   ● GDP, the CPI, inflation and unemployment  [KW Chpts 6, 7 and 8]
   ● Optional, supplemental readings:
     - Congressional Budget Office's "What Would be the Effect on the Deficit of Using the Chained CPI to Index Benefit Programs and the Tax Code?"
     - BLS report "The Experimental Price Index for Elderly Americans"
     - US House of Representatives Bill # HR1030
     - US Dept. of Labor/ BLS report titled "The Unemployment Rate and Beyond"

B. The Economy in the Short-run: Two Macroeconomic Models (Closed-economy version)
   1. The income-expenditure model and the multiplier  [KW Chpt 11]
   2. The AD/AS model [Chpt 12]
   3. Fiscal policy in the AD/AS model [KW Chpt. 13, emphasize pp. 377-393]
      ● Optional, supplemental reading: Auerbach's "Activist Fiscal Policy" from the J of Economic Perspectives
   4. Money, the banking system, the Fed and monetary policy in the AD/AS framework [KW Chpts 14&15]
   5. Crises and Consequences
      ● Read Ben Bernanke's The Federal Reserve and the Financial Crisis
      ● Optional, supplemental reading: KW Chpt. 17

C. The Behavior of the Economy in the Long-run
   1. Economic growth  [KW Chpt. 9]
   2. Interest rate determination in the long run  [KW Chpt. 10]
   3. Long-run considerations related to fiscal policy  [pages 394-403 of KW Chpt. 13]
      ● Optional, supplemental reading: "Government debts and deficits," Chpt. 17 from The Global Economy.

D. Open-economy Analysis
   1. The balance of payments, exchange rate determination, and global capital flows  [KW Chpt. 19]
      ● Supplemental reading: "International capital flows," Chpt 18 of The Global Economy.
   2. Developing country case studies [Read Introduction and Chpts 1 & 2 of Peter Blair Henry's Turn Around ]

1 While we will do our best to adhere to the schedule noted on this syllabus, it is subject to change at the discretion of the instructor.