



DEPARTMENT OF ECONOMICS

IKT302
Economic Policy

Lecturer : Bilgin Bari www.bilginbari.net bbari@anadolu.edu.tr

Overview :

- This course uses the tools of macroeconomics to study various macroeconomic policy problems in the short-run.
 - Macroeconomic theory is covered to analyze these macroeconomic problems.
 - Policy implementations to solve macroeconomic problems are introduced.
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Lecture Plan :

Class. 19
Wednesday
09:00 – 10:20 1. Lecture
10:20 – 10:40 Break
10:40 – 12:00 2. Lecture

Office Hours : Wednesday 14:00 – 16:00
Office 120 – 1st floor

Required Background :

Macroeconomic Theory I – II
(not just taken, but also learned)

Exams and Evaluation :

All exams will be essay.

2 Quiz (%10 + %10)
Midterm Exam %40
Final Exam %40

Materials :

Lecture notes available on www.bilginbari.net

Frederic S. Mishkin, *Macroeconomics: Policy and Practice*, 2nd Edition, Pearson.
Mankiw, Gregory. *Macroeconomics*, 9th Edition, Worth Palgrave Macmillan.
Blanchard, O. And David Johnson, *Macroeconomics*, 6th Edition, Pearson.

Course Outline :

1) Introduction to Economic Policy: Economic Analysis

- The Science of Economics
- The Practice of Macroeconomics
- The Data of Macroeconomics

2) Macroeconomic Basics :

- Aggregate Production and Productivity
- Saving and Investment
- Money and Inflation

3) Back to Macroeconomic Theory :

- Classical and Keynesian Theory
- IS-LM Model
- AD-AS Model

4) Economy in the Short-Run :

- Explaining Business Cycles
- IS-MP-PC Model : A Short-Run Modern Macroeconomic Model
- Monetary Policy and Aggregate Demand
- Aggregate Supply and the Short-Run Tradeoff Between Inflation and Unemployment
- A Dynamic Model of AD and AS

5) Macroeconomic Policy Analysis

- The Objectives of Macroeconomic Policy
- The Relationship Between Stabilizing Inflation and Stabilizing Economic Activity

6) Monetary Policy :

- Central Banking
- Inflation Targeting
- Monetary Policy at the Zero Lower Bound

7) Fiscal Policy :

- Government Debts and Budget Deficits
- Fiscal Policy and Inflation
- Interaction Between Monetary and Fiscal Policy

8) Exchange Rates and International Economic Policy

- Mundell-Fleming Model
- Exchange Rate Regimes

9) The Role of Expectations in Macroeconomic Policy

- Real Business Cycle Model
- New Keynesian Model

10) Financial System in the Economy

- The Financial System and Economic Growth
 - Financial Crises and the Economy
 - Financial Stability and Macroprudential Policy
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