

Instructor

Bilgin Bari

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Office

1st floor, Office 120

Office Hours

14:00-17:00,

Wednesday

Course Overview

This course employs the tools of macroeconomics to study various macroeconomic problems. The problems range from economic stability in the short run, to change prices in the medium run, and economic growth in the long run. We cover macroeconomic theories and models, and apply them to address macroeconomic issues in the real world.

The course has two main parts: theories and applications. First, students gain conceptual and theoretical knowledge. Then, we develop models to explain the behavior of the economy in the short run.

The primary goal of this course is to develop a consistent way of thinking about some key macroeconomic phenomena such as output gap, inflation, and unemployment.

In particular, we will try to address the following type of questions:

- Why does macroeconomic activity fluctuate?
- How do different shocks and policies affect employment, output, inflation, investment and consumption over the business cycle?

Required Background

IKT101 – Introduction to Economics I

IKT102 – Introduction to Economics II

Textbooks

- Macroeconomics - Mankiw, G. - 9th Ed.
- Macroeconomics - Blanchard, O. - 8th Ed.

Other Resources

- Lecture notes are available on www.bilginbari.net
- Economics - Acemoglu, D., Laibson, D. & List, J.A. - 2nd Ed.
Chapters 1,2 & 3
- Principles of Economics - Case, K.E., Fair, R.C. & Oster, S.M. - , 22th Ed.
Chapters 8,9,11 & 18

Requirements

- Students are expected to attend all classes at their scheduled time.
- I will randomly check the class attendance and give extra points to encourage class participation.
- Unless you had a serious medical problem, do not expect any exemption or any kind of leniency with regard to participation.

Exams and Evaluation

Midterm Exam	% 30
Final Exam	% 40
Quiz	%20
Homework	%10

Course Outline

	The Science of Macroeconomics
Week 1	<ul style="list-style-type: none">• Introduction to Macroeconomics• What Macroeconomists Study• How Economist Thinks: Methodology• Toolbox of the Economist: Theory, Model & Data
	The Data of Macroeconomics
Week 2	<ul style="list-style-type: none">• Measuring the Value of Economic Activity: GDP• Measuring the Cost of Living: The Price Index• Measuring the Job Creation: The Unemployment Rate• Macroeconomic Data
	Money and Inflation
Week 3	<ul style="list-style-type: none">• Money in the Economy• The Quantity Theory of Money• Inflation and Interest Rates• The Demand for Money
	The Core of Macroeconomic Theory I
Week 4	<ul style="list-style-type: none">• Classical vs. Keynesian Economics• Aggregate Expenditure and Equilibrium Output• The Government and Fiscal Policy• The Determination of Output in a Closed Economy
	The Core of Macroeconomic Theory II
Week 5	<ul style="list-style-type: none">• Open Economy Macroeconomics

- The Balance of Payments
- Exchange Rates
- The Determination of Output in an Open Economy

The Economy in the Short Run

Week 6

- Business Cycles
- Time Horizons in Macroeconomics
- Aggregate Demand - Aggregate Supply
- Economic Shocks

Midterm Week

Midterm Week

The Aggregate Demand

Week 7

- The Goods Market and the IS Curve
- The Asset Market and the LM Curve
- The Short-Run Equilibrium
- IS-LM model as a Theory of Aggregate Demand

The Open Economy Revisited

Week 8

- The Mundell-Fleming Model
- The Small Open Economy
- Interest Rate Differentials

The Aggregate Supply

Week 9

- The Labor Market
- The Inflation, Unemployment, and the Phillips Curve
- IS-LM-PC Model
- The Aggregate Supply Curve

A General Framework for Macroeconomic Analysis: AD-AS Model

Week 10

- General Equilibrium
- Economic Shocks
- Mathematical Modelling

Modern Macroeconomic Analysis

Week 11

- Monetary Policy
- Inflation Targeting
- Interest Rate as a Policy Tool
- IS-MP-AS Model

A Dynamic Macroeconomic Modelling

Week 12

- A Dynamic Model of AD-AS
 - Elements of the Model
 - Solving the Model
 - Using the Model for Policy Analysis
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