E322 Macroeconomic Theory

Fall 2010

Instructor: Peter Rangazas (pranagaza@iupui.edu)
Office: CA 518
Office Hours: TR 10:30-11:30 AM or by appointment


Grading: Based on 20 best out of 24 quizzes and 3 in-class exams. The scale is A (90-100), A- (85-89), B+ (80-84), B (75-79), B- (70-74), C+ (65-69), C (60-64), C- (55-59), D (50-54), F (0-49).

Note: Suggested assignments for AK are from the handout questions according to the following key: R—review questions, N—numerical questions, and A—analytical questions

I. Production and Growth (Chapter 1)
A. Modeling Production and Sources of Growth
Reading: AK pp.3-18 (R1-6, N1-3, A3)

Discussion/Quiz #1

B. Applications
Reading: AK pp.14-26 (R7-10, A2)

Discussion/Quiz #2

II. The Supply of Capital (Chapter 2)
A. Household Saving
Reading: AK pp.29-45 (R2-9, N5)

Discussion/Quiz #3

B. The Supply of Capital and the Decline of U.S. Saving
Reading: AK pp.45-48 (R13)

Discussion/Quiz #4

III. the Demand for Capital and Equilibrium (Chapter 3)
A. Modeling Firms
Reading: AK pp.53-60 (R1-2, 5-8, A1-3)

Discussion/Quiz #5
B. **Modeling Growth**  
*Reading:* AK pp.60-66, 73-78 (R9-10, N1-6, A3,5) 

Discussion/Quiz #6 

C. **Applications**  
*Reading:* AK pp.66-70, 78-80 (R11-12, A4) 

Discussion/Quiz #7/Review 

**EXAM #1** 

**IV. Fiscal Policy (Chapter 6)**  
A. **Government Budget Constraint**  
*Reading:* AK pp.141-150 (R1-4,6) 

Discussion/Quiz #8 

B. **Effects of Government Purchases**  
*Reading:* AK pp.150-155, (R5, 8-9, N3, A1) 

Discussion/Quiz #9 

C. **Effects of Government Borrowing and Social Security**  
*Reading:* AK pp.156-162 (R10-11, N5, A2,3) 

Discussion/Quiz #10 

D. **Explaining the Decline in U.S. Saving**  
*Reading:* AK pp.155-156 

Discussion/Quiz #11 

**V. Alternative Theories of Saving (Chapter 15)**  
A. **Precautionary Saving**  
*Reading:* AK pp.412-417 (R1-3, N1, A1) 

Discussion/Quiz #12 

B. **Bequests**  
*Reading:* AK pp.417-423 (R4-6, N2) 

Discussion/Quiz #13
VI. International Economics (Chapter 12)
A. A Two-Country Model
Reading: AK pp.323-332 (R1-5, 7-9 N1-4)
Discussion/Quiz #14

B. Applications
Reading: AK pp.332-343 (R10-12, A1-2)
Discussion/Quiz #15/Review

EXAM #2

VII. The Generational Storm (Kotlikoff and Burns)
A. Introduction (pp. xi-xxv)
B. The Demographics (Chapter 1)
Discussion/Quiz #16
C. Generational Accounting (Chapter 2)
Discussion/Quiz #17
D. Conventional Fiscal Measures (Chapter 3)
Discussion/Quiz #18
E. Non-Policy Solutions (Chapter 4)
Discussion/Quiz #19
F. Monetary Solutions (Chapter 5)
Discussion/Quiz #20
G. Fiscal Reforms (Chapter 6)
Discussion/Quiz #21
H. Predicting the Future (Chapter 7)
Discussion/Quiz #22
I. Individual Planning (Chapter 8)
Discussion/Quiz #23
J. Summary (Epilogue)

Discussion/Quiz #24/Review

EXAM #3