INTERMEDIATE MACROECONOMIC THEORY
Economics 36-331

TEXT CAN BE PURCHASED ONLINE WITH APLIA – see D2L

Description: This class attempts to impart the theoretical background for understanding macroeconomic problems and policy options. Topics include the IS-LM and AS-AD general equilibrium systems, money, unemployment, inflation, and interest rates. We will be emphasizing the historical context of our tools as well as highlighting real world applications of them.

Prerequisites: Principles of Economics-Micro (36-206) and Principles of Economics-Macro (36-207) with a grade of "C" or higher and completion of Economics or Business Administration math requirement. You may wish to review the appropriate sections of an introductory economics text to 'brush up' on those skills.

Format: Class will follow a lecture format three days per week. I will expect you to have completed the reading assignment prior to the lecture so that we can communicate using the appropriate vocabulary. You are always welcome to ask clarifying questions or bring up for discussion current events as they pertain to the subject at hand. If your question is causing the class to stray too far from the assigned material or is not of general interest, I reserve the right to finish the discussion in my office.

I also ask that you be courteous in your conduct and follow some general behavioral guidelines. If you absolutely must arrive late, or leave early, sit near the door and try to keep class disturbance to a minimum. If you sleep and snore, I reserve the right to awaken you. I also reserve the right not to awaken you if you sleep quietly. At all times, I reserve the right to ask you to leave should I deem your behavior inappropriate.

Requirements and Grading: There will be 2 midterms. The first is scheduled on Friday, Oct 7. The second exam is scheduled on Friday, Nov 4. These dates may change; I will give notice in class if dates change. There will also be various homework assignments, and a comprehensive final, scheduled on the last day of class Friday, May 11. I do not give make up exams. The dates and grade breakdowns are as follows:

Homework 100 pts. Total
WSJ 10 pts. Each
Midterms 100 pts. Each
Final 100 pts.

No additional assignments will be given to make up for poor performance.

**Grades:** The cut off for each grade will begin as follows:

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<thead>
<tr>
<th>Grade</th>
<th>Description</th>
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<tbody>
<tr>
<td>93+</td>
<td>A</td>
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<tr>
<td>90-92.9</td>
<td>A-</td>
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<tr>
<td>87-89.9</td>
<td>B+</td>
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<td>83-86.9</td>
<td>B</td>
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<tr>
<td>80-82.9</td>
<td>B-</td>
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<tr>
<td>77-79.9</td>
<td>C+</td>
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<tr>
<td>68-76.9</td>
<td>C</td>
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<tr>
<td>65-67.9</td>
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<td>63-64.9</td>
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<td>60-62.9</td>
<td>D</td>
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<td>50-59.9</td>
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<td>&lt;50</td>
<td>F</td>
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**Text:** There is only 1 required text for this course. It is Macroeconomics 7th ed., by Mankiw (abbreviated as TEXT in the outline). **TEXT CAN BE PURCHASED ONLINE WITH APLIA**

I have not burdened you with excessive reading for this course, so I expect you to complete the assigned material. **Please read the material before class.** Handouts may occasionally be distributed.

Also you will be given assignment out of The Wall Street Journal.

**Aplia Assignments:** There will be several assignments from Aplia. The total points for these will be 100 points.

**Learning Outcomes:**
1. Derive and use the Keynesian Cross, IS-LM, and AD-AS models.
2. Explain how the evolution of the monetarist and new-classical theories.
3. Describe how the new-Keynesian theory justifies the Keynesian policy prescriptions.
4. Explain the relationship between the government-budget deficit and the trade deficit.
5. Explain how national savings determines the trade deficit, note protectionism.
6. Define supply-side economics and discuss how it explains the government-spending deficit.

“The man whose whole life is spent performing a few simple operations, of which the effects too are, perhaps always the same, or very nearly the same, has no occasion to exert his
understanding, or exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become.”
Adam Smith  *Wealth of Nations*  Bk. V, Ch. 1, Pt. 3 p. 734.


**General Course Outline and Readings**
*(All readings are approximate)*

**WEEK**

Sept 5  Introduction  
TEXT Chs. 1 and 2

Sept 12 National Income and Inflation  
TEXT Chs. 3 and 4

Sept 19 The Open Economy  
TEXT Ch. 5

Sept 26 Labor Market  
TEXT Ch. 6

Oct 3 Catch up and review

***************Exam I ***************

Oct 10 Growth Model I  
TEXT Ch. 7

Oct 17 Growth Model II  
TEXT Ch. 8

Oct 24 Econ Fluctuations  
Text Ch. 9

Oct 31 AS/AD Model  
TEXT Ch. 10

***************Exam II ***************

Nov 7 IS/LM Model  
TEXT Ch. 11

Nov 14 Mundell-Fleming Model  
TEXT Ch. 12

Nov 21 Catch up
Nov 28  S/R AS Model
    TEXT Ch. 13 & 14

Dec 5  Stabilization Policy
    TEXT Ch. 15

Dec 12  Federal Debt Review
    TEXT Ch. 16

***************Cumulative Last Exam ***************