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 5. The second exam is scheduled on Friday, Nov 2. 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, Dec 14. 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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<tr>
<th>Grade Range</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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<tr>
<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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<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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<td>65-67.9</td>
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<td>63-64.9</td>
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<td>60-62.9</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 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.

Capitalists can do nothing without laborers, nor the laborers without capital. - John Stuart Mill (1806-1873)
General Course Outline and Readings
(All readings are approximate)

WEEK

Sept 3 Introduction
   TEXT Chs. 1 and 2

Sept 10 National Income and Inflation
   TEXT Chs. 3 and 4

Sept 17 The Open Economy
   TEXT Ch. 5

Sept 24 Labor Market
   TEXT Ch. 6

Oct 1 Catch up and review

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

Oct 8 Growth Model I
   TEXT Ch. 7

Oct 15 Growth Model II
   TEXT Ch. 8

Oct 22 Econ Fluctuations
   Text Ch. 9

Oct 29 AS/AD Model
   TEXT Ch. 10

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

Nov 5 IS/LM Model
   TEXT Ch. 11

Nov 12 Mundell-Fleming Model
   TEXT Ch. 12

Nov 19 Catch up

Nov 26 S/R AS Model
   TEXT Ch. 13 & 14

Dec 3 Stabilization Policy
   TEXT Ch. 15

Dec 10 Federal Debt Review
   TEXT Ch. 16

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