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 4. The second exam is scheduled on Friday, Nov 1. 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 13. 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</th>
<th>93+</th>
<th>90-92.9</th>
<th>87-89.9</th>
<th>83-86.9</th>
<th>80-82.9</th>
<th>77-79.9</th>
<th>68-76.9</th>
<th>65-67.9</th>
<th>63-64.9</th>
<th>60-62.9</th>
<th>50-59.9</th>
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<tr>
<td></td>
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<td>A-</td>
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**Text:** There is only 1 required text for this course. It is Macroeconomics 8th 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.

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 2 Introduction
TEXT Chs. 1 and 2

Sept 9 National Income and Inflation
TEXT Chs. 3, 4 and 5

Sept 16 The Open Economy
TEXT Ch. 6

Sept 23 Labor Market
TEXT Ch. 7

Sept 30 Catch up and review

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

Oct 7 Growth Model I
TEXT Ch. 8

Oct 14 Growth Model II
TEXT Ch. 9

Oct 21 Econ Fluctuations
Text Ch. 10

Oct 28 AS/AD Model
TEXT Ch. 11

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

Nov 4 IS/LM Model
TEXT Ch. 12

Nov 11 Mundell-Fleming Model
TEXT Ch. 13

Nov 18 Financial System
Nov 25  S/R AS Model
         TEXT Ch. 13 & 14

Dec 2   Stabilization Policy
         TEXT Ch. 18

Dec 9   Federal Debt Review
         TEXT Ch. 19

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