

Intermediate Macroeconomic Theory

Economics 3080-003

Professor Michael J. Greenwood

Fall 2007

Office: ECON 106

Office Hours: Monday & Wednesday, 4:00-5:00pm; Tuesday, 2:30–4:00pm; and by appointment

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Text: N. Gregory Mankiw, *Macroeconomics*, Sixth Edition (Worth Publishers, 2007).

COURSE OUTLINE

Part I: The Basics

1. Background on Concepts and Data: Chapters 1, 2.
2. National Income Identities and the Demand for Goods and Services: Chapter 3.

Part II: Money, Inflation, and Unemployment

1. Money and Inflation: Chapter 4.
2. The Open Economy: Chapter 5.
3. Unemployment: Chapter 6.

Part III: Economic Growth

1. Long-Term Economic Growth: Chapters 7, 8.

Part IV: Modeling the Economy

1. Introduction to Economic Fluctuations: Chapter 9.
2. Aggregate Demand: Chapters 10, 11, 12.
3. Aggregate Supply: Chapter 13.

Part V: Macroeconomic Policy

1. Stabilization Policy and Budget Deficits: Chapters 14, 15.

Chapters 16, 17, 18, and 19 provide additional detail relating to the early chapters. We will draw on some material from these chapters, but we will not have sufficient time to cover these chapters in detail.

From time to time, I will give you homework assignments drawn from the text. These I will expect you to turn in for extra credit.

COMMENTS ABOUT THE COURSE

Intermediate Microeconomic Theory focuses on individual economic units, such as the consumer (or demanders), the producer (or business firms, or suppliers), and how markets work. Although many policy implications flow from the material covered in this course, the course may easily be taught with little or no attention to policy. *Intermediate Macroeconomic Theory* is concerned with broad, economy-wide aggregates, such as the level of production, employment, unemployment, the general level of prices, and the distribution of income. Although the course may be taught with great emphasis

on theoretical constructs, its core objective at this level of instruction is *policy*. That is, we want to consider theoretical constructs, or models, that yield policy implications. Moreover, we wish to place great emphasis on these policy implications, whether they be fiscal policies, monetary policies, or policies of other types. As I see it, we are concerned with understanding how policy makers can make society a better place for us to live and work. Thus, without neglecting theory, I plan to place great emphasis on policy with the goal of having you leave this course as a much better-informed citizen.

Although I will not do so extensively, I plan to use some calculus in this course. Moreover, in part because the material of this course, or at least its emphasis, has changed considerably over the years, which is not true of intermediate microeconomic theory, I will try to bring out the history of various concepts, beginning with Keynes, but in some instances even with Adam Smith and his predecessors.

Because I have never met a student who could do very well in this course without attending class regularly, **I have an attendance requirement.** Every day I will either take the roll myself (early in the term) or pass around an attendance roster (later in the term). After three absences (beginning with absence four), 5 points will be deducted from the student's overall score for each absence. Ten points will be added for any student who misses no more than one class. Please come to class. (Please note: the three absences are meant for emergencies and/or illnesses. I do not accept "excused" absences, since such reasons should be covered by the three.)

On the class website you will find practice multiple choice questions. These questions are presented in such a way that you can use them as practice exams and then grade the exams yourself. You must also know the terms that are given at the end of each chapter under "key concepts."

EXAMINATION SCHEDULE / GRADING POLICY

Four major (hour) examinations will be given. Each exam will cover one-fourth of the course material. Each exam will count for 100 points. Your final grade will be based on 400 points. Homework assignments will constitute extra (bonus) credit. Thes