

Intermediate Macroeconomics
Spring 2014
Nathan D. Grawe

Purpose

This course explores economic theory explaining long-growth and business cycle fluctuation in the macroeconomy. We will pay particular attention to theoretical predictions concerning fiscal and monetary policy with emphasis on the recent financial crisis.

Given the mathematically intense nature of macroeconomics as practiced today, we will not walk up to the cutting edge. Instead, we will take an historical view beginning with the IS-LM model that dominated middle of the last century. We will then study how stagflation in the 1970s gave way to a “micro-founded” macroeconomics, first on the part of neo-classical and then neo-Keynesian economists. In the final third of the course we will be working primarily with selections from the primary literature. In this way, while we will not stand on the cutting edge, we will have a clear view of it.

Background Assumptions

ECON 110, 111, and 330 along with the first term of Calculus are pre-requisites for this course. I am going to assume you know this information and so we will not start with chapter 1. In particular, chapters 1 & 2 give a broad overview of what macroeconomics is and what data we are trying to understand while a good part of section 16.2 covers basic optimization and present value discounting. We won't cover these. Chapters 3 and 4 include basic concepts like a production function and a fractional banking system that I will assume you understand from 110. We will still cover these chapters, but I won't re-cover this material.

Texts

Mankiw's *Macroeconomics* plus additional articles.

I am assuming you are reading before class. This will allow us to move relatively quickly through the material in general, allowing us to pause on important ideas, nuances, and points of confusion. If you don't read before class, I expect you will feel you can't keep up. Forewarned is forearmed!

Office Hours

Tuesday: 9:00-12:00
Wednesday: 2:00-4:00
Friday: 12:00-1:00
Or by appointment

Evaluation

There will be three exams this term: two midterms and a final. The midterms will be given a weight of 25% and 35% respectively. The final will comprise the remaining 40% of your grade. The dates of the midterms will be determined by progress in the course but will probably fall near the end of week 2 and week 5. The comprehensive final will be taken at the appointed finals meeting time for the course.