

UNIVERSITY OF SOUTHERN CALIFORNIA DEPARTMENT OF ECONOMICS

ECONOMICS 305 INTERMEDIATE MACROECONOMIC THEORY

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Office Hours: M 11-12 p.m.

This is a course in Intermediate Macroeconomics. Economic policy makers use macroeconomics in the setting of policies that intimately affect all our lives. Therefore, as informed citizens, we should study macroeconomics to evaluate whether our leaders are doing a good job.

The required textbook for the course is Macroeconomics, Eleventh Edition by N. Gregory Mankiw, which is available in the bookstore. To follow the trends in economic policies, students should also regularly read business publications such as the Wall Street Journal. In the beginning of each class, we will try to discuss some current macroeconomic topics.

There will be a midterm (30 percent of final grade), a final exam (35 percent of final grade), and four problem sets (20 percent of final grade). Class group presentations (10 percent). The remaining 5 percent of the final grade will be comprised of a discretionary component of the instructor, which includes class attendance and participation. Students with a positive attitude towards learning, exemplified by a demonstrated interest in macroeconomics, rather than simply a concern for grades, will also more likely receive the bulk of the discretionary component. The problem sets will be graded on pass/fail basis. Class discussion is strongly encouraged.

The exams will be based on materials covered in class lectures. However, to do well in the class, students must read each assigned textbook chapter. In fact, it is highly recommended that students read each chapter at least three times; once before class, once after, and the third time studying for exams.

The midterm exam will be held on Wednesday October 5, during class. The final exam will be held Monday, December 12, 8-10 a.m. The final exam will not be cumulative and will cover the material only after the midterm. The midterm and final exams must be taken on the assigned dates. There will be no exceptions.

## Course Outline

- I. Introduction Mankiw, chapters 1-2
- II. The Long Run Economy
  - A. National Income Mankiw, chapter 3
  - B. Monetary System and Inflation Mankiw, chapters 4 and 5
  - C. Open Economy Mankiw, chapter 6
  - D. Unemployment Mankiw, chapter 7
- III. The Short Run Economy
  - A. Causes of Economic Fluctuations Mankiw, chapter 10
  - B. Aggregate Demand Mankiw, chapters 11-12
  - C. Mundell-Fleming Model Mankiw, chapter 13
  - D. Aggregate Supply Mankiw, chapter 14
- IV. Advanced Topics
  - A. Dynamic Model of Fluctuations.
  - B. Consumer Behavior.
  - C. Theory of Investment
  - D. Stabilization Policies
  - E. Government Debt
  - F. Financial System