

UNIVERSITY OF SOUTHERN CALIFORNIA DEPARTMENT OF ECONOMICS ECONOMICS 305
INTERMEDIATE MACROECONOMIC THEORY

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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 or online. 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 discuss some current macroeconomic topics.

There will be a midterm (30 percent of final grade), a final exam (35 percent of final grade), four problem sets (20 percent of final grade), and a 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, and participating regularly in class, will receive the bulk of the discretionary component. The problem sets will be graded on pass/fail basis.

The final grade will be graded on a curve. Thus, your grade is determined relative to other students. There have been many cases of students with a 96 final grade, that have earned an A-, and 89 with a B. There will be absolutely no negotiation for any grade. The grade assigned is final and conclusive.

The exams will be based on materials covered in class lectures, textbook, and slides. Because of lingering Covid risk, for this semester, exams will be open book, open notes.

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 (if we have time)
 - A. Dynamic Model of Fluctuations.
 - B. Consumer Behavior.
 - C. Theory of Investment
 - D. Stabilization Policies
 - E. Government Debt
 - F. Financial System