ECON 352: INTERMEDIATE MACROECONOMICS

This is an upper-division course in macroeconomics. It is a mixture of lectures and discussions covering both theory and policy. It offers general equilibrium treatment of macroeconomic theory with emphasis on the following components: determinants of output, saving, investment, inflation and the long-run rate of economic growth. Then we discuss the effects of macro policy and financial crisis. Finally, we introduce micro foundations of consumption and modern business cycle theories. Prerequisites for this course are Econ 251 (Microeconomics) and Econ 252 (Macroeconomics).

- TEXTBOOK
  The required textbook is *Macroeconomics: Policy and Practice* by Frederic S. Mishkin, 2011: Pearson. There are four purchase options.
  1. Hard-copy textbook is available from online bookstores.
  2. Student-edition hard-copy textbook and an *optional* access to the online course management tool called MyEconLab (MEL): [http://www.MyEconLab.com](http://www.MyEconLab.com). MEL provides reviews and a large number of practice questions.
  We will also discuss articles from the *Economist* magazine and business newspapers.

- EVALUATIONS
  1. Final exam accounts for 40 percent of the final grade. The exam date follows the university final exam schedule.
  2. Midterm accounts for 40 percent of the final grade. The date is March 8. Location is the classroom. For those who miss the midterm, the final exam will count 80 percent of the final grade.
  3. Problem sets account for 20 percent. There are 5 problem sets, but the one with lowest score will not be counted. In other words, students have an option to drop one problem set. All problem sets are due in class and late problem sets will not be accepted.
  4. An act of cheating in the final exam and the midterm exam will result in either failing the course or retaking the exam. In the event of retaking, the course grade will be marked down by two letter grades as a penalty.
• COMMUNICATION
  1. We will use emails and the following course website to make announcements and distribute course materials including problem sets and answer keys: http://www.krannert.purdue.edu/faculty/knaknoi/Econ352.html.
  2. In the event of a major campus emergency, course requirements, deadlines and grading percentages are subject to changes that may be necessitated by a revised semester calendar or other circumstances beyond the instructor’s control. To get information about changes in this course, go to the course website or look for emails from the instructor.

• IMPORTANT DATES
  Th 1/26 PS 1 given
  Th 2/2 PS 1 due
  Th 2/9 PS 2 given
  Th 2/16 PS 2 due
  Th 2/23 PS3 given
  Th 3/1 PS3 due
  Th 3/8 In-class midterm
  Th 3/29 PS 4 given
  Th 4/5 PS 4 due
  Th 4/12 PS 5 given
  Th 4/19 PS 5 due
  4/30– 5/5 Final exam

• OUTLINE OF LECTURES
  Week 1 Ch 1-3: Introduction, macro data and aggregate production
  Week 2 Ch 4: Saving and investment in closed and open economies
  Week 3 Ch 5: Money and inflation
  Week 4-5 Ch 6: The sources of growth and the Solow model
  Week 6 Ch 7: Drivers of growth
  Week 7 Ch 8-9 Business cycles and IS curve
  Week 8 Ch 10-11: Aggregate demand, aggregate supply and Phillips curve
  Week 9 Midterm review and midterm exam
  Week 10 Spring break
  Week 11 Ch 12-13: The AD-AS model and macro policy
  Week 12 Ch 15-16: Financial crisis and fiscal policy
  Week 13 Ch 17: Exchange rates and international economic policy
  Week 14 Ch 18: Consumption and saving
  Week 15 Ch 21: Role of expectations
  Week 16 Review