Intermediate Macroeconomic Theory, Econ 3080-002
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appointments.

Textbooks: 1) "First Principles of Monetary Theory", Kishore
Kulkarni, Kendall Hunt Publishing Company, Dubuque, Iowa, Second
2) "Macroeconomics: The Dynamics of Theory and Policy", by William
Boyes, Southwestern Publishing Company, Cincinnati, Third Edition,

Objective and Contents of the Course: The list of chapters from
the above books would probably give you feeling that this is an
advanced version of Macroeconomic Principles class. In many ways
that is exactly what it is meant to be. Classical economists,
Keynesian and monetarists are revisited to get a broader
understanding about policy effectiveness. GNP calculation,
consumption theories, investment theories, fiscal policy making,
monetary policy making money supply process are the basic topics to
be considered in this class. New areas include IS-LM framework,
consumption theories and policy making in the U.S. The exact
sequence of chapters to be covered is announced in the first class.

The grades would depend upon points scored in five tests
including the final. First test would be of 40 multiple choice
questions. All other tests would be of essay kind, some of them
would consist of the questions given at home to study. Make-up
tests are strongly discouraged. In general, a score of 90% guarantees an A grade, 80% a B grade and 70% a C grade. For
whatever reasons if you cannot score even 50% of the total possible
points, then F grade is unavoidable. Each class session gives
abundant notes that improve your understanding of the subject
matter, and therefore helps the grade. Attendance in all classes
is mandatory. Several absences automatically jeopardize your grade
in a serious way.

This class assumes that you have some background in
macroeconomics, it also makes you deal with numerous graphs and
some amount of algebra. There are challenging reading assignments
to be completed and several things to be memorized. Asking
questions in the class is encouraged and many times reciprocated.
Rules of common courtesy are strictly followed: do not talk to
neighbor when class is in progress, be attentive to answer
questions when called, take good notes, and do not sleep in the
class unless advised to do so. Have a wonderful semester!
List of Chapters to be Covered in Econ 3080
Intermediate Macroeconomic Theory

Topic 1: Measuring Key Economic Variables: GNP, GDP, Price level, Unemployment, real and Nominal GNP, Interest Rates

Topic 2: Theory of Consumption, Consumption Function, Saving Function, Theory of Investment, Multiplier Analysis, Open Economy Multiplier

Topic 3: Derivation of IS curve, the reasons for change in slope and shifts in IS curve, Commodity Market Equilibrium etc.

Topic 4: Money market Analysis, Demand for money definition, derivation of LM curve, shifts in LM curve etc.

Topic 5: General Equilibrium stage of the economy, points off the IS and LM curves, derivation of the aggregate demand curve and derivation of aggregate supply curve form the labor market analysis.

Topic 6: Effects of Fiscal policy change in commodity market, IS-LM framework, Aggregate demand-Aggregate supply framework etc. Effects of Monetary policy change in money market, IS-LM Framework, Aggregate Demand-Aggregate supply framework etc.

Topic 7: Classical economics in the traditional form: Say’s Law of market, absence of money illusion, quantity theory of money, flexibilities of wage, interest rate and price level and the logical conclusion of full employment.

Topic 8: Great Depression and vulnerability of classical economics. Criticisms of quantity theory of money, Keynesian feelings of underemployment equilibrium, liquidity trap and pegging the interest rate monetary policy.

Topic 9: Monetarists’ revolution, revision of quantity theory of money, demand for money function stability, effectiveness of monetary policy

