

**ECON 736**  
**Business Conditions Analysis**

**Summer 2011**  
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***Office Hours***

Walk in: Tue/Thu: 12:00pm –2:00pm; 4:30pm-5:30pm; Email: Wed: 12:00pm – 2:00pm and by appointment.

**Course Web Page:** <http://facstaff.uww.edu/ahmady/courses/econ736/>

This is the web page for the course. Here you can find the course schedule, lecture notes, problem sets and more.

**Prerequisites**

ECON 202 – Principles of Macroeconomics or  
ECON 704 – Economic Foundations

Although this course does not have calculus as a pre-requisite, we will be using mathematics extensively. In particular, you should be able to algebraically manipulate equations, solve equations, and calculate slopes of functions. Although not strictly required for this course, it is with regards to the latter that those who have taken courses in calculus will find it beneficial to review concepts such as partial and total derivatives.

**Required Resources**

1. Text: Mankiw, N. Gregory (2009), *Macroeconomics*, 7<sup>th</sup> edition, Worth. ISBN: 1-42-921887-8
2. The Course Homepage: <http://facstaff.uww.edu/ahmady/courses/econ736/>

Recommended:

Text: Blanchard, Olivier (2009), *Macroeconomics*, 5<sup>th</sup> edition, Pearson/Prentice Hall. ISBN: 0-13-207829-5

**Course Description Objectives and Assessment**

This course is an intermediate level course in macroeconomic theory and in its application. We will examine the modern market economy with a view towards trying to understand fluctuations in national income, output, employment, prices and exchange rates and the implication of such changes for business decisions. We will examine the goods, financial, and labor markets, and the role of government and the Federal Reserve in maintaining a strong and vibrant economy. In doing so, we will analyze the effects of monetary policy, fiscal policies, and other macroeconomic events on economic activity. We will also focus on the determinants of economic growth, namely, capital accumulation and technological progress. Performance on the course is measured and assessed through questions in exams.

## Course Requirements and Grading

The requirements for this course are class participation, four problem sets (posted online), one midterm exam, and one final exam. Both the midterm and the final exam will be cumulative, so you can expect them to cover materials from the course up to the date of the exam.

The grading scheme is as follows:

Problem Sets:	$6\% \times 4 =$	24%
Class Participation:		6%
Midterm Exam:		30%
<u>Final Exam:</u>		<u>40%</u>
		100%

Each problem set **turned in** will give you 6 percent for a total of 24 percent (i.e.  $4 * 6$  percent). Class participation makes up the remaining 6 percent of your overall grade. I will provide more details on what I mean by class participation during the first lecture.

**Warnings:** If you miss the deadline for the midterm exam, for any reason, I will count the score on your final exam as 70 percent of your overall grade. There will be no make up midterms. Similarly, problem sets turned in late (i.e. after the due date) will not be accepted, or counted towards your overall course grade. This schedule is not flexible at all, so it is your responsibility to make sure that you can attend all exams and turn problem sets in on time.

Please note that whilst students are encouraged to work together on the problem sets, each student is expected to submit an individual answer to the problem sets. Generating ideas for homework solutions can be done in collaboration with others; communicating those ideas in the form of your problem set submissions must be done individually.

### **A Note on Letter Grades:**

As a general guideline, grades will be assigned as follows:

A:	$\geq 90$ percent
A/B:	85-89 percent
B:	78 – 84 percent
B/C:	71 – 77 percent
C:	61 – 70 percent
D:	50 - 60 percent
F:	$< 50$ percent

I typically apply a “curve” to the scores at the end of the semester in order to account for things like the length and difficulty of exams etc.

### **Attendance Policy**

Enrollment in this course is taken as a commitment from you that you have made room in your life to fulfill the obligations of this course - coming to class, being there for exams when they are scheduled, etc. I will not record attendance, but you will find yourself at a significant disadvantage if you miss class. **It is the student’s responsibility to obtain any materials or information missed due to absence.**

## Advice

The questions on the exams will require a thorough understanding of the material presented in the course. To that end, use the problem set questions and sample exams as tools to help you study and understand the material. To do well in the exams, you need to truly understand the concepts and ideas in class, and be able to apply them. Make sure you spend sufficient time trying to grasp the ideas and think about how they relate to the real world.

A more general piece of advice for economics courses: learning economics is a lot like learning math! If you want to do well in Econ, you need to practice, and be able to do three things (in combination):- (i) do math and be able to manipulate equations; (ii) understand graphs and be able to communicate that understanding; (iii) [the hardest of the three!] apply (and understand!) abstract logic! Spend a little time every day, practicing problems, and trying to understand the concepts presented in lectures. Use office hours! Come and see me if you have any questions whatsoever, be it about the material, or some concept you haven't fully grasped yet.

## Policy Statement

*The University of Wisconsin-Whitewater is dedicated to a safe, supportive and non-discriminatory learning environment. It is the responsibility of all undergraduate and graduate students to familiarize themselves with University policies regarding Special Accommodations, Misconduct, Religious Beliefs Accommodation, Discrimination and Absence for University Sponsored Events. (For details please refer to the Undergraduate and Graduate Timetables; the "Rights and Responsibilities" section of the Undergraduate Bulletin; the Academic Requirements and Policies and the Facilities and Services sections of the Graduate Bulletin; and the "Student Academic Disciplinary Procedures" [UWS Chapter 14]; and the "Student Nonacademic Disciplinary Procedures" [UWS Chapter 17].*

## Course Outline

This course outline is tentative and I reserve the right to amend the schedule as I see fit. These changes will be announced in class and posted on the course webpage. We will cover as many topics as time permits, which in turn will depend on the pace of the class.

	Topics	Chapters in Blanchard	Chapters in Mankiw
1	Introduction: i. National Income and Product Accounts ii. Business Cycle Facts and Theories	1 - 2	1 - 2, 9.1-9.2
2	Introduction to AD-AS The Keynesian/Aggregate Expenditures Model	3,4.1-4.2, 5, 7.2	3.3-3.4, 9.3 – 10.1
3	Goods Market Equilibrium: the IS/LM curves	5, 7	10
4	Aggregate Demand	5, 7	11
5	Aggregate Supply and Short Run Equilibrium	7	13 (incl. Appx)
6	The Phillips Curve, Rational Expectations	8, 9	13.2
7	The Small Open Economy	18,19	5
8	The Mundell-Fleming Model	19,20	12