

# Economics 343 - Intermediate Macroeconomics

Spring Semester 2012

Professor Robert Stanley Herren

Office: Barry Hall 614 B

Phone: 231-7698

E-mail: [Robert.Herren@ndsu.edu](mailto:Robert.Herren@ndsu.edu)

Office Hours: 11:00 a.m. – 12:00 p.m. TR (Other times by appointment)

**Prerequisites:** Economics 201 and Economics 202

**COURSE DESCRIPTION:** Analysis of national output, business cycles, inflation, unemployment rates, interest rates, exchange rates, impact of monetary and fiscal policies, and economic growth. Three semester credits.

## OBJECTIVES

The main purpose of the course is to improve a student's analytical and problem solving skills. In addition, the course aims to increase a student's knowledge about the following content:

1. Measurement of Gross Domestic Product, inflation, and unemployment
2. How different events and policies (monetary and fiscal) affect aggregate demand and real interest rates
3. How monetary and fiscal policies affect exchange rates
4. Factors that affect aggregate supply
5. Causes of demand-side inflation and its impact on unemployment and real output
6. Causes of supply-side inflation and its impact on unemployment and real output
7. Costs and effectiveness of programs that attempt to reduce the inflation rate
8. Sources of economic growth and of growth in labor productivity
9. How the outcome of economic events challenges the ideas of economic theorists and results in an evolution of economic theories

## READING

N. Gregory Mankiw, **Macroeconomics**, Seventh Edition is the required text. A detailed list of reading assignments is given below.

I recommend that students attempt to be aware of current economic developments relevant to this course. Ideally the concepts and analytical tools that you learn in this class will enable you to better understand everyday business and financial news.

**Blackboard:** I use Blackboard to provide students:

1. Announcements—most concern quizzes and exams
2. Outlines of class notes
3. Sample questions from previous quizzes and exams
4. Answers to end-of-chapter review questions (textbook)
5. Answers to end-of-chapter problems (textbook)
6. External links to information concerning macroeconomics

## REQUIREMENTS

There will be 60 points of pop quizzes. There will be two 70 point mid-semester exams and one 100 point comprehensive final; the total possible points will be 300. **No make-up quizzes or exams will be given; this policy applies to all students and all circumstances. Students are required to take the exams on the scheduled days.** Students will have the option of having the final exam count as 1/3 (100 points) of their total grade, or 170 points of their total grade. Students who choose to count the final exam as a 170 point exam will drop their lowest grade on a 70 point exam. **Students who miss a mid-semester exam for any reason will receive a grade of zero for that exam; this zero can be removed by counting the final exam 170 points.** I will post scores of final exams and will post final grades on Blackboard.

**Pop Quizzes:** In addition to the scheduled exams, scores on six pop (unannounced) quizzes will count toward your final grade; each quiz will be 10 points. I plan to give eight pop quizzes so that students will be able to drop their lowest two scores or miss two quizzes without penalty. **There will be no make-up quizzes. Students are required to take quizzes during the scheduled class periods.**

### Grading Scale:

A = 270 - 300 points  
B = 235 - 269 points  
C = 200 - 234 points  
D = 150 - 199 points  
F = 0 - 149 points

### Exam Schedule

February 28	70 point Exam
April 12	70 point Exam
Thursday, May 10 (3:15 p.m. – 5:15 p.m.)	100 point Comprehensive Final Exam

## **Reading Assignments:**

Topic 1: Introduction and Measurement: Chapters 1, 2.

Topic 2: Long-run Aggregate Supply: Sections 3-1; 3-2; Pages 271-273

Topic 3: Money: Nature, Function, and Evolution: Section 4-1

Topic 4: Long-run Aggregate Demand: Sections 4-2,4-3,4-8,9-3

Topic 5: Interaction of Aggregate Demand and Aggregate Supply in Long Run: An Overview:  
Section 9-4

Topic 6: Real and Nominal Interest Rates: Section 4-4

Topic 7: IS Curve: Sections 3-3, 3-4, 10-1

Topic 8: LM Curve: Sections 4-5, 10-2; Pages 552-553.

Topic 9: Aggregate Demand: The IS/LM Model; Section 10-3; Chapter 11

Topic 10: From Short Run Equilibrium to Long Run Equilibrium: Pages 275-283, 324-325

Topic 11: Open Economy: Fixed Price Model: Chapter 5: Chapter 12

Topic 12: Dynamic Aggregate Supply and Phillips Curve: Sections 13-1, 13-2, 14-1, 14-2

Topic 13: Dynamic Aggregate Demand: Section 14-2

Topic 14: Impact of Aggregate Demand Shocks: Pages 395-399; 427-438; Sections 4-6, 4-7

Topic 15: Impact of Aggregate Supply Shocks: Pages 280- 283, 424-427

Topic 16: Macroeconomic Policy Debates

A. Policy Lags: Pages 447-448

B. Natural Rate of Unemployment: Chapter 6

C. Growth of Natural Real GDP: Pages 200-203; Sections 8-2, 8-3, Pages 251-254

D. Policy Rule or Policy Discretion: Section 15-2

E. Government Debt and Budget Deficits: Chapter 16

Topic 17: Epilogue: Four Most Important Lessons of Macroeconomics: Pages 567-570

Topic 18: Epilogue: Four Most Important Unresolved Questions of Macroeconomics: Pages 570-574

**Review:** This course is **intermediate** macroeconomics. Principles of economics courses (ECON 201 & ECON 202) are prerequisites for this course. Students should review principles of economics with emphasis on demand-supply analysis (including the elasticity concept), national income accounting and the Federal Reserve control over nominal money supply - including its instruments for changing the nominal money supply (open market operations, discount policy and changing reserve requirements).

Also, students need to review basic aspects of diagrams which we use to illustrate our ideas. Students should be able to recognize what the slope and intercept of a curve are, what it means when we say that a curve shifts, how variables not listed on the axes of a diagram are "held constant" along a given curve, and how the curves shift when such variables changes.

**Study hints:** There is no substitute for an active form of learning. The best way to study is to use pencil and paper and work with concepts by drawing diagrams, writing out the logic of an argument, and working problems and questions at the end of each chapter.

I encourage students to use the text's online resources at <http://www.worthpublishers.com/mankiw>  
Students are encouraged to use: 1. Flashcards; 2. Self-tests; 3. Sample Essay Questions; 4. Student PowerPoint Tutorials.

**Note: Any students with disabilities or other special needs, who need special accommodations in this course, are invited to share these concerns or requests with the instructor and contact the Disability Services Office as soon as possible.**

**Note: "Veterans and student soldiers with special circumstances or who are activated are encouraged to notify the instructor in advance."**

**HONOR CODE:** All students taking any course in the College of Agriculture, Food Systems and Natural Resources are under the Honor System. The Honor System is a system that is governed by the students and operates on the premise that most students are honest and work best when their honesty and the honesty of others, is not in question. It functions to prevent cheating as well as penalize those who are dishonest. It is the responsibility of the students to report any violations of the honor pledge to the instructor, honor commission, or the Dean of the College of Agriculture, Food Systems, and Natural Resources.