

**DEPARTMENT OF ECONOMICS AND FINANCE
TENNESSEE STATE UNIVERSITY
COURSE SYLLABUS
ECON3120 INTERMEDIATE MACROECONOMICS
FALL 2012**

LOCATOR INFORMATION:

Course Name and Number: Intermediate Macroeconomics - ECON 3120; Credit Hours:3; Contact Hours: 45

Instructor's Name: Dr. Nelson C. Modeste
Department: Economics and Finance
Office Location: Avon Williams Campus (AWC): Suite J- 405

OFFICE HOURS:

- M 10:00 A.M. - 11:30 A.M. AT AWC SUITE J – 405
 - TR 10:00 A.M. - 1:00 P.M. AT AWC SUITE J – 405
 - R 3:00 P.M. - 5:30 P.M. AT AWC SUITE J -405
- Other hours available by appointment

Office Telephone: 963- 7387
Email Address: nmodeste@tnstate.edu

Textbooks:

1. Macroeconomics by Andrew B. Abel, Ben S. Bernanke, and Dean Croushore , 7th edition, Pearson/Addison Wesley 2011. This book is required; it is hereafter referred to as ABC.
2. Macroeconomics: Theories, Policies, and International Applications by Roger Leroy Miller and David VanHoose, 3rd edition., South-Western Publishing, a division of Thomson Learning (2004). It is referred to as MVH.

COURSE DESCRIPTION: ECON 3120 (3 Credits)

The topics covered in this course include: aggregate demand, aggregate supply, the equilibrium level of employment, the price level, inflation, and deflation.
Prerequisite: ECON 2010

II. COURSE RATIONALE AND OBJECTIVES:

A fundamental rationale for this course is to make students knowledgeable about the underlying forces affecting the performance of the macroeconomy. Towards that end, the principle objective of this course is to enable the student to understand how the macro economy of the U.S. works and how policies relating to inflation, unemployment, growth, and interest rates are formulated by economists. Students will apply the tools of economics analysis to investigate the causes and consequences of international exchanges, and international finance, movement of short-term and long-term interests.

III. COURSE COMPETENCIES AND MEASURABLE OUTCOMES:

After completion of this course students must be able to understand the factors that cause fluctuation in unemployment rate, inflation rate, interest rate, exchange rates, and the effects of alternative macroeconomic policies on stabilization. Students will gain an understanding of the repercussions of international flow of good and services, exchange rates movement on the U.S. trade and budget deficits, fiscal, and monetary policies.

IV. OUTLINE OF COURSE CONTENT/ ASSIGNMENTS:

TOPICS

1: INTRODUCTION: THE MACROECONOMY AND MEASURING MACROECONOMIC VARIABLES.

What is macroeconomics and what are its distinguishing features? What are the key issues in macroeconomics? What is gross domestic product, and how it is calculated? How do economists measure international transactions? What is the difference between nominal GDP and real GDP?

Read: ABC, Chapters 1, 2, and 5-Section 1 (Required)
MVH, chapters 1, 2

2: CLASSICAL MACROECONOMIC THEORY: EMPLOYMENT, OUTPUT, PRICES, INTEREST RATES, EXCHANGE RATES, ECONOMIC GROWTH.

What are the key assumptions of classical macroeconomic theory? According to the classical model, what are the determinants of the demand for labor by firms? How are the aggregate levels of labor employment and real output of goods and services determined in the classical model? What factors determine the price level in the classical framework? How is the real interest rate determined in classical theory? How do government spending and taxation affect the real interest rate in classical theory? How is the nominal interest rate determined in classical theory? How is the value of the nation's currency (or the foreign

exchange rate) determined according to classical theory? How do economists measure economic growth? What key factors determine the rate of economic growth?

Read: ABC, Chapters 3, 4, 5, 6, 7, 13-Section 1 on Purchasing Power Parity (Required)
MVH, Chapters 3, 4, 5

3: BUSINESS CYCLES AND THE MACROECONOMY IN THE SHORT-RUN.

What are business cycles? What are the key relationships implied by the circular flow of income and expenditure? What are the components of aggregate desired expenditures in the basic Keynesian model? How is equilibrium real income determined in the basic Keynesian model, and how does this theory explain short-run business cycles? What are the motives for holding money and what variables do they indicate should influence the demand for money? How is the nominal interest rate determined in the traditional Keynesian model? What is the LM schedule? What is the IS schedule? What is an IS-LM equilibrium? How does government spending influence real income in the traditional Keynesian model?

Read: ABC, Chapters 8, 9, 10, 11 (Required)
MVH, Chapters 6, 7, 8

4: OTHER TOPICS

- Government spending and its financing ----- Read: ABC, Chapter 15.
- How exchange rates are determined: A Supply-and-Demand Analysis ---Read: ABC, Chapter 13, section 13.2.
- Unemployment and Inflation ---- Read: ABC, Chapter 12.
- The IS-LM Model for an open economy ----- Read: ABC, Chapter 13, section 13.3.
- Monetary Policy and the Federal Reserve System ----- Read: ABC, Chapter 14.

Note: If time permits, other topics will be added as needed.

V. COMPUTER COMPONENT: Students will be given assignments that will require them to use a word processing package as well as retrieve information from the Internet. See section VII.

VI. LIBRARY ASSIGNMENTS: Economic Report of the President 2008, 2009, 2010, 2011, 2012.

VII. SPECIAL COURSE REQUIRMENTS:

Students will be required to write a **term paper** for this class. This **term paper** would account for **10%** of students' grade in the course. Some possible topics are (1) A review of a country's recent economic performance with projections for growth for the next year; (2) A review of the government's budgetary position with some discussion of the causes and consequences of a deficit or surplus in the budget; (3) An analysis of the Impact of the North American Free Trade Agreement on the U.S. Economy; (4) An analysis of the effects of raising the minimum wage. The term paper must be between 5-7 pages in length.

All term papers and reports must be done using a word processor.

VIII. ATTENDANCE POLICY AND LATE WORK: In keeping with University policy, students are expected to attend classes on a regular basis as well as be on time. The University's policy on excessive absences will be followed if necessary. Late work is generally not accepted.

IX. METHODS OF INSTRUCTION/TEACHING STRATEGIES:
Lecture, discussion, problem solving, computer and written assignments will all be used as methods of instruction in this course.

X. METHOD OF EVALUATION:
The final grade for this course will be based on the following:

Exam 1	20%
Exam 2	20%
Exam 3	20%
Final Exam	30%
Term Paper	<u>10%</u>
TOTAL	100%

GRADING SCALE:

- A 90 AND ABOVE
- B 80 TO 89
- C 70 TO 79
- D 60 TO 69
- F BELOW 60

X. BIBLIOGRAPHY AND SUPPLEMENTARY READINGS:

Economic Report of President, 2008, 2009, 2010, 2011, 2012

Federal Reserve Bulletin, (various issues).

Survey of Current Business, (various issues).

Federal Reserve Bulletin, (various issues).

COMMENTARIES AND MONOGRAPHS

Abel, Andrew B. and Ben S. Bernanke, Macroeconomics, Addison- Wesley Publishing Company, 1992.

Blinder, Alan S., The Great Stagflation, Academic Press, 1979.

Blinder, Alan S., Hard Heads and Soft Heads, Addison-Wesley, 1987.

Cebula, Richard J. The Deficit Problem in Perspective. Lexington, Massachusetts: D.C. Heath and Company, 1987.

Gordon, Robert J., “Postwar Macroeconomics: The Evolution of Events and Ideas”, in M.S. Feldstein, The American Economy in Transition (University of Chicago Press, 2000).

Gordon, Robert J., ed., The American Business Cycle: Continuity and Change, University of Chicago Press, 1986.

Gordon, Robert J. Macroeconomics. 8th edition. New York: Harper Collins, 2000.

Heilbroner, Robert and Peter Bernstein, The Debt and the Deficit: False Alarms/ Real Possibilities, Norton, 1989.

Johnson, David B. Funding and Using Economics Data: A Guide to Sources and Interpretation. Mountain View, CA: Mayfield Publishing Co., 1993.

Laidler, David E.W. The Demand For Money: Theories, Evidence and Problems. 4th ed. New York: Harper Collins, 1993.

Litan, Robert E., et. Al., eds., American Living Standards: Threats and Challenges, Brookings, 1988.

Okun, Arthur M., Economics for Policymaking (ed. Joseph A. Pechman), MIT Press, 1983.

Webb, Roy H. Macroeconomic Data: A User’s Guide. Federal Reserve Bank of Richmond. 1992.

ARTICLES

Bernanke, Ben, Readings and Cases in Macroeconomics, McGraw- Hill, 1987.

Dorn, James A. and Anna J. Schwartz, eds., The Search for Stable Money: Essays on Monetary Reform, University of Chicago Press, 1987.

Krugman, Paul. “ The Move Toward Free Trade Zones.” Federal Reserve Bank of Kansas City, Economics Review (November/ December 1991). Pp 5-26.

Tatom, John A. “ Public Capital and Private Sector Performance.” Federal Reserve Bank of St. Louis, Review (May/ June 1991). Pp 3-16.

Hoening, Thomas. “The International Community’s Response to the Asian Financial Crisis.” Federal Reserve Bank of Kansas City, Economics Review (Second Quarter 1998). Vol 83, No. 2, pp 5-7.

ACADEMIC INTEGRITY:

Academic honesty and integrity lie at the heart of any educational enterprise. Students are expected to do their own work and neither to give nor to receive assistance during quizzes and examinations. Deliberate violations of academic integrity (plagiarism, cheating, misrepresentation, and fabrication of information) are not tolerated. Actions outlined in the Tennessee State University Student Handbook under Code of Student Conduct will be followed for incidents of academic misconduct.

REASONABLE ACCOMODATIONS:

Any students requiring accommodations should contact Patricia Scudder, Director of Students with Disabilities—Disabled Student Services Office, at 963-7400, preferably before the fourth class meeting. The College of Business, in conjunction with the Office of Disabled Student Services, makes reasonable accommodations for qualified students with medically documented disabilities. I need to be aware of your status if it will affect your class activities and assignments---before assignments are due.

CODE OF STUDENT CONDUCT:

There will be no eating, drinking, sleeping or disruptive behavior in the classroom. Each student is encouraged to participate in classroom activities, ask questions, and work along with the class as recommendations/problem solutions to illustrations, examples, and cases are examined. Additionally, cell phones must be turned off upon entering the classroom and should remain so until class has ended. Action will be taken against those students who do not adhere to appropriate classroom behavior.

TENTATIVE SCHEDULE		
<i>Week</i>	<i>Tuesday/Thursday</i>	
Week 1	▪ Section 1: The macroeconomy and measuring macroeconomic variables	▪
Week 2	▪ Section 1: The macroeconomy and measuring macroeconomic variables	▪
Week 3	▪ Section 1: The macroeconomy and measuring macroeconomic variables	▪
Week 4	Section 1: The macroeconomy and measuring macroeconomic variables	▪
Week 5	▪ Section 2: Classical macroeconomic theory	▪
Week 6	▪ TEST #1 (Tentative schedule)	▪
Week 7	▪ Section 2: Classical macroeconomic theory	▪
Week 8	▪ Section 2: Classical macroeconomic theory	▪
Week 9	▪ Section 2: Classical macroeconomic theory	▪
Week 10	▪ Section 2: Classical macroeconomic theory	▪
Week 11	▪ TEST #2 (Tentative schedule)	▪
Week 12	▪ Section 3: Business Cycles and the macroeconomy	▪
Week 13	▪ Section 3: Business Cycles and the macroeconomy	▪
Week 14	▪ CLASS PRESENTATION OF TERM PAPER	▪
Week 15	▪ TEST #3 (Tentative schedule)	▪
Week 16	▪ FINAL EXAM	

Note: The above schedule and topics could be changed, if necessary.