

BSE 3220
INTERMEDIATE MACROECONOMICS
READING GUIDE

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Required text:

Macroeconomics, 11th edition
Rudiger Dornbusch, Stanley Fischer, and Richard Startz
McGraw-Hill Irwin, New York, 2011
ISBN 978-0-07-3375922

Students should contact the instructor about use of earlier editions of the text.

Learning Objectives

1. Students will learn to gain factual knowledge (terminology, classification, methods, and trends) of macroeconomics
2. Students will learn the fundamental principles, generalizations, and theories of macroeconomics
3. Students will learn to apply course material to improve thinking, problem solving, and decisions based on macroeconomic analysis
4. Students will learn the structure and use of national income accounting
5. Students will understand how the study of macroeconomics can provide a strong set of analytical tools for ethical managerial decision making.
6. Students will learn the relationship between macroeconomic analysis and macroeconomic policy choices
7. Students will learn the principles of money and banking
8. Students will learn the basic components of fiscal policy and monetary policy
9. Students will learn how to use the IS and LM model
10. Students will how to analyze the concepts of inflation, unemployment, and economic growth

Students are expected to keep informed on economics and business news and information by reading *The Wall Street Journal* daily. *Barron's*, *Business Week*, and *Fortune* are also recommended.

Purposes of the Course

BSE 3220 is an intermediate level course in macroeconomics. Its major purpose is to provide students with an understanding of the functioning of the macro-economy. This process involves theoretical, conceptual, and mathematical methods. Students will learn where to find data which support the models, as well as methods of analysis and interpretation.

Macroeconomics views the basic economic processes of production, consumption, investment, and distribution of goods and services on an aggregate basis. Topics to be studied include the determination of the level of income (GDP), the level of employment, economic growth, and the price level. The role of money and interest rates, and the effects of monetary and fiscal policy are introduced. Students will learn the relationship between the various components of the macro-economy, including the international sector. The international economy reflects the exchanges between national economies and consequent effects on currency values, interest rates, and capital flows.

Economic policy-making is a topic of national debate on both an economic and on a political level. The current debate over the federal budget significantly involves both economics and politics. Students will come to understand these debates, and their basic theoretical and historical foundations. Based on economic analysis, students will become able to solve problems and to understand the use of appropriate macroeconomic policies.

Course Policies and Grading System

Students are expected to do the required text reading, as well as other additional library and written assignments. Attendance is expected at every class, and more than three (3) unexcused absences may result in a lower final grade. Examinations must be taken on time, and any make-up examinations are given only at the discretion of the instructor.

Three examinations will be given, weighted at 20% each. The final examination is cumulative, and weighted at 40%. Quizzes should be expected, and may be used to decide the final grade.

Academic Honesty:

In keeping with our Christian heritage and commitment, North Park University and the School of Business and Nonprofit Management are committed to the highest possible ethical and moral standards. Just as we will constantly strive to live up to these standards, we expect our students to do the same. To that end, cheating of any sort will not be tolerated. Students who are discovered cheating are subject to discipline up to and including failure of a course and expulsion.

Our definition of cheating includes but is not limited to:

1. Plagiarism—the use of another’s work as one’s own without giving credit to the individual. This includes using materials from the internet.
2. Copying another’s answers on an examination.
3. Deliberately allowing another to copy one’s answers or work.
4. Signing an attendance roster for another who is not present.

In the special instance of group work, the instructor will make clear his/her expectations with respect to individual vs. collaborative work. A violation of these expectations may be considered cheating as well.

For further information on this subject you may refer to the Academic Dishonesty section of the University’s online catalog.

In conclusion, it is our mission to prepare each student for a life of significance and service. Honesty and ethical behavior are the foundation upon which such lives are built. We therefore expect the highest standards of each student in this regard.

Students with Disabilities

North Park University aims to provide and coordinate support services and reasonable accommodations to aid students with disabilities in achieving academic success. If you have a disability and feel you need accommodations in this course, you must present a letter to me from the Center for Academic Services indicating the existence of a disability and the suggested accommodations.

Assignments in the Dornbusch, Fischer, and Startz text

Each textbook contains a *username* and *password* to access *economagic*-- 100,000 downloadable files of economic data. Problems will be assigned based on class notes and readings from the text. Students should also see Online Links for Further Exploration on pp. xxi-xxii in the text.

<u>Week(s)</u>	<u>Readings in Dornbusch, Fischer, and Startz</u>
1 - 2	Chapters 1 and 2 Introduction to basic macroeconomic concepts and issues in National Income Accounting Measures of economic activity: real growth, unemployment, and inflation Interest rates and exchange rates The business cycle
3 - 4	Chapter 3 and Appendix; Chapters 4, 5, 6 Growth theory: the neoclassical model The Cobb-Douglas production and the Solow growth model The Phillips curve Aggregate demand and aggregate supply
5	EXAMINATION 1
6 - 7	Chapter 7, 8, 9, 13 The Keynesian income determination model Theories of the consumption function The multiplier and investment The government sector Unemployment and inflation Macroeconomic policy: fiscal and monetary
8	---continue---
9	EXAMINATION 2

<u>Week(s)</u>	<u>Readings in Dornbusch, Fischer, and Startz</u>
10 - 12	<p>Chapters 10, 11, 12, 14, 15, 16, 17</p> <p>The decision to invest; present value and future value Financial markets The demand for and supply of money; money and banking The Federal Reserve System The IS and LM model The monetary policy transmission mechanism The international sector</p>
13	EXAMINATION 3
14 - 15	<p>Chapters 18, 19, 20</p> <p>Policy debates: Monetarists and Keynesians Budget deficits and trade deficits The internal and the external balance Macroeconomic theory and policy Globalization</p> <p>REVIEW</p>
16	FINAL EXAMINATION