

DEPARTMENT OF ECONOMICS  
WEC 112 PRINCIPLES OF MACROECONOMICS  
TR11-Z FALL 2007

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Office Hours: By appointment: Please feel free to contact me!

Required Text:

Macroeconomics, 17th edition, Campbell R. McConnell and Stanley L. Brue, McGraw-Hill, NY, 2008

Optional:

Study Guide for Use with Macroeconomics, 17th edition, William Walstad, McGraw-Hill, NY, 2008

In addition, I may assign selected outside readings to supplement the text. Information from these materials may be included in your homework and/or exams.

Social Science LAF Courses:

The disciplines (areas of study) known as the Social Sciences at Augsburg College include economics, political science, psychology, and sociology. All students are required to take two Social Science courses designated as Liberal Arts Foundation (LAF) courses as part of the Aug Core curriculum. LAF courses throughout the college are designed to provide students with a wide array of academic experiences for the ultimate purpose of the development of students as professionals and citizens.

Those courses in the Social Sciences that are designated as "LAF" courses are foundational to each discipline; in other words, each department teaches courses that are introductions to each field, and are thereby designated as LAF courses. Social Science LAF courses seek to teach students the following: First, that our understandings of social reality, with all of its complexities and diversity, can be improved and clarified through systematic and critical analysis. Second, each of the social sciences utilizes different theoretical frameworks and research methods to analyze and better understand various aspects of social systems. Third, the social sciences offer ways of gaining knowledge that are different from other fields, such as the natural sciences or the fine arts, by focusing on a diverse array of social realms.

Course Objectives:

The overall objective of this course is to introduce you to economic ideas and concepts that attempt to explain the behavior of our economy as a whole. An understanding of the underlying causes of unemployment and inflation, as well as potential public and private

sector responses to these problems, may help you to make better personal and business-related decisions. The course's student objectives are:

- a) To introduce the "economic way of thinking,"-including marginal analysis and opportunity cost-- and to apply this method of thinking to a variety of situations and problems
- b) To critically evaluate the workings of the theoretical free market economic system, noting market efficiencies and failures, and to assess the necessity of government intervention in the working of the market system.
- c) To introduce graphical representations of economic models, and to evaluate the models' usefulness in understanding macro economic performance.
- d) To introduce various indicators of economic performance, and to analyze their effectiveness in interpreting current economic events
- e) To use aggregate expenditures and aggregate supply and demand analysis to determine changes in output, resulting employment, and the price level from changes on the aggregate demand and supply side.
- f) To compare and contrast the tools and effectiveness of monetary and fiscal policies in influencing economic performance
- g) To evaluate the impacts of the national deficit and the national debt
- h) To analyze various economic problems using the assumptions of differing economic schools of thought, and to evaluate the validity of each approach.
- i) To analyze the costs and benefits of international trade, and to introduce the concepts of comparative advantage, absolute advantage, exchange rates and balance of payments.

Homework:

During the course, to complete certain assignments, you will be required to access a new website dedicated to students and professors of economics. It is called Aplia.

Aplia Website

Many of the homework assignments are found on the Aplia website and you will find the course key needed to access these materials attached to this syllabus. All homework assignments will collectively count the weight of one exam in determining your final grade. For example, if you earn 92% on all your homework, you will receive a 92 in figuring out your final grade.

Student benefits: By completing regular work in association with the lectures, you will better prepare yourself for the lectures and exams in the course. Cramming is not an

effective method of learning. Think of the regular assignments on Aplia as a weekly Economics workout. Practicing and applying what you are learning from Aplia and lecture will better prepare you for class.

**Aplia assignments:** Many assignments come in pairs of practice and graded problem sets. The practice sets give you immediate feedback about whether your answer is right or wrong and an explanation of the correct answer. They are not counted as part of your homework grade. Use them to check your understanding of the material. If you are confident, you can go directly to the graded problem set, and refer back to the practice set only if you want some additional help.

The graded problem sets have a firm due date. You can change your answers as many times as you like before the due date has passed. Once the due date has passed, the grade will be recorded and it will not be possible to change your answers or complete the assignment at this point. In other words, Aplia assignments must be completed by the due date. The software does not care whether you have an excuse or not. Do them early to avoid any emergencies preventing your completion before the due date. After the due date, you will be able to see the correct answers and the explanations for graded problems.

You have two purchase options. You can either buy a textbook bundled with Aplia from the bookstore or purchase access to the course directly from the Aplia website. You may register and use the website for a short time without paying the fee. If you are considering dropping this course during the drop/add period, do not make a payment until you are sure. You will need to pay the full amount before the end of the grace period to continue using the site. You may pay online with a credit card or personal check, or you can mail a check or money order to the address provided on the Aplia site.

**Disclaimer:** I am not financially affiliated with Aplia and receive no monetary benefit from requiring this material.

### Quizzes and tests:

There will be one midsemester exam and one final exam. Each exam will consist of two parts-multiple choice, and short answer. The midsemester exam will be given as a takehome exam. The multiple choice portion of the final exam can be taken cooperatively-that is, you may team up with someone else in the class to determine the answers. The short essay portion will be taken individually.

### Grading:

The course will be structured so that approximately 30% of your grade will be based on homework assignments, 60% on exams, and 10% on attendance and participation.

The standard grading system will be used:

90% or above	4
80% or above	3
70% or above	2

50% or above 1

Tentative Course Outline:

Date	Topics	Chapters
Sept. 10	Introductions, Scarcity, Economic Problem, Economic Systems, Production Possibilities, Opportunity Cost, Market System, Circular Flow, Marginal analysis, Features of Capitalism	1, 2
Sept. 24	Demand and Supply, Equilibrium, Price Floors and Ceilings, Efficiency, Market Failures, Potential Roles of Government	3, 4
Oct. 8	Indicators of Economic Performance, GDP, NDP, NI, PI, DI, Real Statistics Unemployment, Inflation, Business Cycle, Phillips Curve (I), "Natural" Rate of Unemployment	6, 7
Oct 22	Introduction to Macroeconomic Schools of Thought, Aggregate Expenditures Model, Classical vs. Keynes, Supply-Side	8, 9, 17
Nov. 5	Midsemester Takehome Exam, AD-AS Model, Fiscal Policy, Deficit, Debt, "Keynesian Chain"	10, 11, 15
Nov. 12	Money and Banking, Money Creation, Monetary Policy, Monetarism	12, 13, 14
Nov. 26	International Trade, Comparative Advantage, Balance of Trade, Balance of Payments, Exchange Rates	5, 18
Dec 10	Uncovered pieces, questions, and Final Exam	

## CLASS OFFICE

Students with disabilities who believe that they need accommodations in this class are encouraged to contact the Center for Learning and Adaptive Student Services (CLASS) at 330-1648 as soon as possible to better ensure that such accommodations are implemented in a timely fashion. In addition, anyone needing any special assistance or consideration is encouraged to contact me at [marsh45@comcast.net](mailto:marsh45@comcast.net) or at 952-334-3301.