Principles of Macroeconomics
Spring 2002

ECO 203 Sec. 005
TR 8:30-9:45 AM
BEH 105

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Office Hours: TR 10:00-12:00 AM and by appointment

WebCT: This is a WebCT course. Please register for this section of ECO 203 (i.e., eco203s005)
All documents pertaining to this course are, or will be, posted at this site.

Required Text: N. Gregory Mankiw, Principles of Macroeconomics, (2\textsuperscript{nd} ed.) and the Wall
Street Journal, a subscription to which comes packaged with the textbook.

Recommended Text: David R. Hakes, Principles of Macroeconomics Study Guide. This
supplement provides the student with chapter overviews and additional problems and questions.
While not required, it does provide additional material that may be helpful in preparing for
quizzes and exams.

Course Objectives: Upon completion of this course, the successful student will understand the
use of economic diagrams, simple mathematics as related to economic concepts, and logic in the
development and application of macroeconomic theory to public policy issues and real-world
events, with a special emphasis on problem solving. Topics include supply and demand, the
composition of national product and income, the causes of unemployment and inflation, the
nature of money and banking, fiscal and monetary policy, and international trade and finance.

Grades: Your grade for the course depends solely on your grades on the quizzes, the term
project, and the examinations. There will be seven (7) multiple-choice quizzes, one term
project, two (2) midterm exams, and a final exam. The four (4) highest quiz scores will count
toward the semester grade. Each quiz will count as 5\% of the course grade (20\% total). There are
no make-up quizzes. Quizzes are scheduled for the Tuesday of the week. Details for the term
project appear on the last page of this course outline. The term project will count as 10\% of the
course grade.

Two closed-book exams are scheduled during regular class time on Tuesday, February 19, 2002
and Tuesday, April 2, 2002, covering lectures and readings up to that point of the course. Exams
will be composed of 40 multiple-choice questions, and 1 short-answer question. Each midterm
exam will count as 20\% of the course grade.

The closed-book final exam is scheduled for Thursday, May 16, 2002 from 8:00 to 10:00 AM.
The final exam will be comprehensive, with about 50\% of the weight given to material covered
after the second mid-term exam, and the remainder given to material covered before the first and
second midterm exams. The final exam will be comprised of 40 multiple-choice questions and 6
short-answer questions. The final exam will count as 30\% of the course grade.
Grades will be assigned as 90% or better = A, 80% or better = B, 70 % or better = C, 60% or better = D, below 60% = F. Plus/minus (+/-) grades will be used.

**Attendance/Makeup Policy:** Regular class attendance is strongly recommended. You are responsible for all reading material and all material presented in class. No makeup quizzes will be given. A temporary grade of zero (0) will be assigned for any missed midterm exams. The final exam will serve as the makeup exam for any missed midterm exams. A makeup exam for missed final exams will be given during the first two weeks of the spring semester. You are responsible for arranging with the Department to take the makeup.

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All chapter references are to Mankiw. You are expected to read the assignment before class.

**Withdrawal:** March 29, 2002 is the last date to withdraw from class.

**Academic Dishonesty:** Academic dishonesty (e.g., cheating and plagiarism) will not be tolerated. At the instructor’s discretion, a student suspected of academic dishonesty may receive an F for the course and be expelled from the class. Additional penalties, up to expulsion from the University, are possible. See pages 55-56 of the Undergraduate Catalog.

**Disabilities:** If you have a documented disability that may require assistance, you will need to contact the Disability Resource Center (DRC) for coordination in your academic accommodations. The DRC is located in the Reynolds Student Services Complex in Room 137. The phone number is 895-0866 (TDD 895-0652) and drcsssc@ccmail.nevada.edu.
You will analyze the course of the U.S. monetary policy from February 4 through May 3 as reported in the *Wall Street Journal (WSJ)* (or the *New York Times*). The Mankiw text for my section comes with a *WSJ* subscription.

1. Provide time-series graphs, on a weekly basis, of the 30-day and 1-year Treasury-bill rate, the 2-, 3-, 5-, and 10-year Treasury-note rate, and the 30-year Treasury bond rate. The weekly averages are reported in the Tuesday *WSJ* under “Key Interest Rates.” Provide time-series graphs, on a weekly basis, of the U.S. dollar spot and 6-month forward exchange rates versus the Japanese yen and the German mark. These data appear daily under Exchange Rates. Exchange rates should be stated in foreign currency (i.e., yen or marks) per U.S. dollar. Thus, you need to collect the daily data and then use your spreadsheet to convert into average weekly data. Provide time-series graphs, on a weekly basis, of the seasonally-adjusted M1, M2, and M3 stocks. The weekly numbers are reported in the Friday *WSJ*. Finally, provide a time-series graph, on a weekly basis, of the Standard & Poors 500 stock market index. These data also appear daily in the *WSJ* and you will need to convert the daily data into weekly averages, using your spreadsheet, before plotting the data. Chapter 1 provides illustrations of time-series graphs.

2. Clip articles from the *WSJ* that help explain the developments in U.S. monetary policy. **Please put the date of the article on the clipping.** Underline the key sentence(s) in the article that is (are) most important or relevant. Attach each article to an 8 1/2 x 11 piece of paper. Write a sentence summary below the article (hand written is acceptable, if it is neat). Substantive articles should deal with major aspects of the U.S. monetary policy. **Articles that have been collected will be turned in for a preliminary evaluation on Tuesday, March 12. Failure to meet this deadline means that the project will not be accepted.**

Do not clip articles unless they involve some economic analysis -- e.g., recent monetary policy is inflationary because ... (Since the major purpose is to have you read about U.S. monetary policy on a daily basis, copies of articles, which can be done in an end-of-semester push, are not acceptable.)

3. Finally, write a 2 - 4 page typed double-spaced Op-Ed piece (less than 1,200 words, which is the typical maximum limit on Op-Ed pieces in your local newspaper) that either supports or critiques the conduct of monetary policy over the semester.