

Econ 112
Principles of Macroeconomics
Fall 2000

Instructor: Dr. Frank Maddox
318 Seney Hall
Phone: 784-8357
Office Hours: MWF 1:00-2:00
TTh 10:00-11:00

Course Description: Econ 112 presents the main national economic issues of unemployment, inflation and economic growth in the context of a theory of national income determination. The course begins by describing the economic problems facing every society and the possible ways that society can organize itself to solve these problems. The laws of demand and supply are examined.

Next, the measurement of the flow of national income and its major components, such as consumer spending, is summarized. These concepts become the basis for an explanation of the size of the total flow of income, and for policy recommendations to influence the size and stability of that flow. Aggregate demand for final output and aggregate supply of it are used to analyze business cycles, the deficit and fiscal policy. After describing money and the banking system, the role of the Fed in setting monetary policy is presented.

The twin problems of unemployment and inflation are then put into a theoretical, historical and policy perspective. The analysis is extended to include the balance of international payments and the foreign currency exchange markets. The course concludes by examining factors that contribute to the long-run growth of national income and the development of the infrastructure of an economy.

Course Objective: the goal of Econ 112 is to develop a framework which the student may use to analyze the overall behavior of modern national mixed capitalist economies. This framework introduces the student to the economic way of thinking about the macro-level forces at work in society which shape economic performance and guide economic policy. Performance and policy then feed back to influence the business and social environment.

Method of Instruction: Econ 112 is taught through a combination of lecture discussion, homework/quizzes and examinations. Class interaction allows the students to discover the strengths and weaknesses of past and current policy executed by U. S. policy-makers



Text Required to be Purchased by Student:

Taylor, John B., Economics, 2nd edition. Houghton Mifflin Company, 1998.

Examinations, Homeworks, and Quizzes: There will be three in-term exams and a comprehensive final examination. Several homeworks will be assigned during the semester. No late homeworks will be accepted. Several announced quizzes will be given during the semester. Students will not be allowed to make-up quizzes.

Grading Policy: Each exam accounts for 22% of the course grade.

Homeworks/quizzes will account for 12% of the grade. Your numerical average will be converted into a final letter grade:

A = 94 up to 100

A- = 90 up to 94

B+ = 87 up to 90

B = 84 up to 87

B- = 80 up to 84

C+ = 77 up to 80

C = 74 up to 77

C- = 70 up to 74

D+ = 67 up to 70

D = 60 up to 67

F = 0 up to 60

Attendance Policy: Attendance is required and will be recorded. One point will be deducted from the student's final numerical grade for each absence in excess of three absences.

Make-up Examination Policy: Make-up exams will be permitted only with written support (approved by the instructor) of serious situations which preclude the student's ability to take the exam during the scheduled time.

Honor Code – Students should re-read the honor code prior to taking this course. Academic misconduct will not be tolerated.

Important Dates

September 4 – Labor Day Holiday

September 29 – Exam I

October 4 – Last day for dropping courses without academic penalty

October 16-17 – Midsemester Break

November 3 – Exam II

November 22-24 – Thanksgiving Break

December 8 – Exam III

Course Outline

August 30-September 1

- Chapter 1. Observing and Explaining the Economy
- Chapter 2. Scarcity, Choice and Economic Interaction

September 4-8

- Chapter 3. The Supply and Demand Model

September 11-15

- Chapter 14. Taxes, Transfers, and Income Distribution
- Chapter 15. Public Goods, Externalities, and Government Behavior

September 18-22

- Chapter 15. Continued
- Chapter 19. A Preview of Macroeconomics

September 25-29

- Chapter 20. Measuring the Macroeconomy
- Exam I – September 29; Chapters 1-3, 14, 15, 19, 20.

October 2-6

- Chapter 21. Unemployment and Employment
- Chapter 22. Investment in New Capital

October 9 –13

- Chapter 23. Technology and Economic Growth
- Chapter 24. The Monetary System and Inflation

October 18-20

- Chapter 24. Continued
- Chapter 25. The First Steps Towards Recession or Boom

October 23-27

- Chapter 26. The Uncertain Multiplier

October 30-November 3

- Chapter 27. Aggregate Demand and Price Adjustment
- Exam II – November 3 Chapters 21-27.

November 6-10

Chapter 28. Toward Recovery and Expansion

Chapter 29. Fiscal Policy and the Budget Deficit

November 13-17

Chapter 30. Monetary Policy

November 20-24

Chapter 31. International Finance

November 27-December 1

Chapter 31 (continued)

Chapter 32. Macroeconomic Debates

December 4-8

Catch-up & Review

Exam III – December 8; Chapters 28-32.

December 11

Review