

ECON_OX 112-01J (5525)
Principles of Macroeconomics
TuTh 1:40PM - 3:20PM- SENEY 322

Spring 2016

Instructor: Dr. Frank Maddox
318 Seney Hall
Phone: 784-8357
Office Hours 1:00- 1:40 p.m.(M-Th)

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 reviewing from principles of microeconomics 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 reviewed.

As our focus becomes macro-specific we discuss aggregation concerns as we build an AD/AS model of the economy to depict business cycles and the notion of long-run growth trends. The dual ideologies of Keynes and the Austrians will be highlighted this semester stemming from the resurgence in debate regarding the appropriate size/role of the Federal Government as it pertains to the economy.

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 theoretical and, historical policy perspectives via the construction of a theoretical framework attributable to Joseph Stiglitz. 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.

Focus will be given to the trend towards increasing income and wealth inequality beginning in the 1970s.

The Great Recession triggered by the Financial Meltdown and the subsequent “jobless” recovery/foreclosure crisis/financial reform events will be emphasized.

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. Class interaction allows the students to discover the strengths and weaknesses of past and current policy executed by U. S. policy-makers. iClickers are used to foster engagement with the material during classtime—iClickers will be provided. The first-person perspective is valued in this course and is cultivated using expository writing.

Texts:

You are required to purchase the Aplia on-line homework utility. That purchase will give you an electronic copy of Mankiw’s textbook at no extra charge. I do not require that you get a hardcopy of Mankiw’s text. The instructions for signing up for Aplia are at the end of the syllabus.

Mankiw, Gregory N., Principles of Macroeconomics 7th edition, Cengage Learning, 2014. ISBN 978-1-285-16591-2.

The primary economic model we will build is based upon the model developed in Joseph Stiglitz’s 2006 book—there are copies of this book available on reserve in the library. If you want to get your own copy here’s the info: Stiglitz, Joseph E. & Carl E. Walsh, Principles of Macroeconomics 4th edition, W.W. Norton and Company, 2006. ISBN 0-393-92624-9. You are not required to purchase a copy of this book.

To examine income and wealth inequality in the U.S. we will use two book:

Hacker, Jacob & Pierson, Paul, Winner-Take-All Politics, Simon & Schuster, New York 2010. ISBN 978-1-4165-8870-2.

Stiglitz, Joseph., Re-Writing the Rules of the American Economy. Roosevelt Institute, 2016. ISBN. 978-0-393-35312-9.

The current syllabus provides those reading which are currently identified as appropriate for the course. During the semester the syllabus will be modified almost weekly to add readings/writing prompts related to relevant current events.

Examinations, Homeworks, and Quizzes: There will be two in-term exams and a comprehensive final exam. Several homeworks and announced quizzes will be assigned during the semester. Homeworks will include Aplia problem sets, class presentations and writing responses to assigned readings.

Grading Policy: Each exams accounts for 28% of the course grade—homeworks and announced quizzes account for the remaining 16% of the grade. Several of your assignments will be ungraded; ungraded but completed work will be assigned a numerical grade of 94—the lowest numerical value of an A 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.

Make-up Examination Policy: Make-up examinations are given by permission of the course instructor. Students must contact the instructor in writing prior to the scheduled exam in order for an excuse to be considered.

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

Important Dates

January 11	Monday	Registration/New Student Orientation
January 12	Tuesday	Classes begin
January 18	Monday	Martin Luther King Jr. Holiday
January 19	Tuesday	Last day for changing courses
February 3	Wednesday	Date of Record
February 5	Friday	Degree Application Deadline (Spring 2016)/\$25 late fee after this date
March 2	Wednesday	Midterm deficiency reports due online
March 4	Friday	Last day for dropping courses without academic penalty
March 7-11	Monday-Friday	Spring recess
March 29, March 31	Tuesday, Thursday	Pre-registration for fall semester
April 1	Friday	Last day to petition for one time course withdrawal for freshmen
April 21, 25	Thursday, Monday	Physical education exam
April 25	Monday	Classes End
April 26	Tuesday	Reading Day
April 27-29, May 2-4	Wednesday-Friday Monday-Wednesday	Final Exams
May 7	Saturday	Commencement

May 9	Monday	End of Term
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Final Exam – Econ112-01J- Wednesday, April 27, 2-5:00 p.m. – Seney 322

Course Outline

Week 1. January 12-15. Micro Concepts

Mankiw Chapter 2. Thinking Like an Economist

Mankiw Chapter 3. Interdependence and Gains from Trade

- Review Syllabus
- Review of Micro concepts needed for Macro:
 - PPF
 - Circular Flow
 - Comparative Advantage

Week 2. January 18-22. Micro Concepts

Mankiw Chapter 4. The Market Forces of Supply and Demand

Mankiw Chapter 6. Supply Demand and Government Policies

- Markets
- Legal Prices and Taxes

Week 3. January 25-29. The AD/AS Model and the Business Cycle

Tuesday, January 27, Michael Cole

Maddox Video: Anatomy of Business Cycle

Maddox Video: Demonstrating Bus. Cycles with the AD AS model

The Crash of 1929 (view PBS video)

Week 4. February 1-5. Lessons from History & Ideology in Economics

- financial panics 1907, 1929 and 2008
- -The Crash of 1929
- the cycle of regulation
- Inequality
- The role of Ideology in Macro
- The Keynesian Revolution and the Keynes/Hayek Debate
- Who are the Austrians?
- The role of Superpacs today
- -Inside the Meltdown- view video

Week 5. February 8-12. Macroeconomic Data

Mankiw Chapter 10. Measuring a Nation's Income
Mankiw Chapter 11. Measuring the Cost of Living
Maddox Video: Leakages and Injections Model
Maddox Video: Calculating GDP

Week 6. February 15-19.

Exam 1 February 18

Chapter 12. Production and Growth

Maddox Video: Growth Theory

Week 7. February 22-26. Preparing to Address Inflation and Unemployment

Mankiw Chapter 13. Saving, Investment, and the Financial System

Chapter 14. The Basic Tools of Finance

Week 8. February 29-March 4

Mankiw Chapter 15. Unemployment

Mankiw Chapter 16. The Monetary System

Week 9. March 7-11 Spring Break.

Week 10. March 14-18.

Mankiw Chapter 17. Money Growth and Inflation

Mankiw Chapter 18. Open-Economy Macroeconomics: Basic Concepts

Week 11. March 21-25. Macroeconomic Modeling

Exam 2: March 24

Week 12. March 28-April 1. Building a model of the Aggregate Economy

Maddox Video: Aggregate Expenditure Model

Maddox Video: Consumption Function

Maddox Video: Spending Multiplier

Stiglitz Chapters on Model (on Blackboard)

Week 12. April 4-8. Fiscal and Monetary Policy in the Model

Week 13. April 11-15. Closed vs. Open Economy Policy

Week 14. April 18-22. Course-wrap up.

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How to access your Aplia course

PRINCIPLES OF MACRO (ECON 112)

Instructor: Frank Maddox

Start Date: 01/11/2016

What is Aplia?

In just 10 years, more than one billion answers have been submitted through Aplia, the premier online assignment solution. Millions of students use Aplia to better prepare for class and for their exams. Join them today!

Registration

1. Connect to <http://login.cengagebrain.com/course/QKYS-H4VY-RF4Q>
2. Follow the prompts to register for your Aplia course.

Payment

After registering for your course, you will need to pay for access using one of the options below:

Online: You can pay online using a credit or debit card, or PayPal.

Bookstore: You may be able to purchase access to Aplia at your bookstore. Check with the bookstore to find out what they offer for your course.

Free Trial: You can access Aplia until 11:59 PM on 01/31/2016 during your free trial. After the free trial ends you will be required to pay for access.

Please note: At the end of the free trial period, your course access will be suspended until your payment has been made. All your scores and course activity will be saved and will be available to you after you pay for access.

If you already registered an access code or bought Aplia online, the course key to register for this course is: **QKYS-H4VY-RF4Q**

System Check

To check whether your computer meets the requirements for using Aplia, go to <http://www.aplia.com/support/config.jsp>