

Econ 112.2A
Monday/Wednesday 2:00-3:15 p.m
Principles of Macroeconomics
Fall 2009

Instructor: Dr. Frank Maddox
318 Seney Hall
Phone: 784-8357
Office Hours 3:15-4:00(M/W); 1:30-2:15 (T/Th)
Updated: September 2

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. Class interaction allows the students to discover the strengths and weaknesses of past and current policy executed by U. S. policy-makers. The first-person perspective is valued in this course and is cultivated using expository writing.

Text Required to be Purchased by Student: Mankiw, Gregory N. Principles of Macroeconomics (5th edition) SouthWestern/ Cengage Learning, 2009. Aplia will provide students with on-line practice and graded homework assignments.

Examinations, Homeworks, and Quizzes: There will be three in-term exams and an optional comprehensive final exam. If you take the final it will substitute for your lowest exam grade. Several homeworks and announced quizzes will be assigned during the semester. Homeworks will include problem sets and writing responses to assigned readings. Aplia will provide graded homework sets.

Grading Policy: Each exams accounts for 27% of the course grade—Aplia accounts for 9% of the course grade—other homeworks and announced quizzes account for the remaining 10% 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. One point will be deducted from the student's final numerical grade for each absence in excess of three absences.

Make-up Examination Policy: There are no make-up exams, because it is not possible to construct a make-up which is of equal rigor. If you miss an exam the final exam will substitute for that part of your grade.

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

Important Dates

Fall 2009

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| August 26 | Wednesday | Classes begin |
| September 1 | Tuesday | Last day for changing courses |
| September 7 | Monday | Labor Day Holiday |
| September 28 | Monday | Exam 1 |
| October 12 - 13 | Monday-Tuesday | Mid-semester Break |
| October 14 | Wednesday | Midterm deficiency reports due online |
| October 16 | Wednesday | Last day for dropping courses without academic penalty |
| November 2 | Monday | Exam 2 |
| November 3, 5 | Tuesday, Thursday | Preregistration for spring semester |
| November 25-29 | Wednesday-Sunday | Thanksgiving recess |
| November 30 | Monday | Exam 3 |
| December 8 | Tuesday | Classes End |
| Dec. 10-11, 14-16 | Thu.-Fri., Mon.-Wed. | Final exams |

Course Outline

Week 1; August 26-28

Chapter 1. Ten Principles of Economics

Week 2: August 31- September 4

Chapter 2. Thinking Like an Economist

Chapter 3. Interdependence and the Gains from Trade

Week 3; September 8-11 (no class Sept. 7)

Chapter 4. The Market Forces of Supply and Demand

Chapter 6. Supply Demand and Government Policies

Week 4; September 14-18

Chapter 10. Measuring a Nation's Income

Week 5; September 21-25

Chapter 11. Measuring the Cost of Living

Chapter 12. Production and Growth

Week 6; September 28th – October 2

September 28 - Exam 1 (Chapters 1,2,3,4,6,10, 11, 12)

Chapter 13. Saving, Investment, and the Financial System

Chapter 14. The Basic Tools of Finance

Week 7; October 5- 9

Chapter 15. Unemployment

Chapter 16. The Monetary System

Week 8; October 12-16 (no class 12-13)

Chapter 17. Money Growth and Inflation

Chapter 18. Open-Economy Macroeconomics

Week 9; October 19-23

Chapter 19. A Macroeconomic Theory of the Open Economy

Chapter 20. Aggregate Demand and Aggregate Supply

Week 10; October 26-30

Chapter 21. Fiscal and Monetary Policy

Week 11; November 2-6

November 2 Exam 2 (Chapters 13-20)

Week 12; November 9-13

Chapter 21. Fiscal and Monetary Policy (cont.)

Week 13; November 16-20

Chapter 22. Short-run Trade-off between Inflation and Unemployment

Week 14; November 23-24 (no class 25-27)

The Aggregate Expenditure Model

Current Event Macroeconomic topics.

Week 15; November 30-December 4

November 30—Exam 3 Chapters 14-18

Catch-up and Current Events

Week 16; December 7-8

Review Exam 3/ Course Evaluation

December 9th – Reading Day

Final Exam—Comprehensive