

Econ 112  
Principles of Macroeconomics  
Fall 2006

Instructor: Dr. Frank Maddox  
318 Seney Hall  
Phone: 784-8357  
Office Hours 1:00-2:00 (M,Tu, W,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 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 writing prompts and mindfulness practices.

Text Required to be Purchased by Student:

Stiglitz, Joseph E. & Carl E. Walsh, Principles of Macroeconomics 4th edition, W.W. Norton and Company, 2006. ISBN 0-393-92624-9.

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 problem sets and writing responses to assigned readings as well as free-writing assignments. There will be an Interbeing Project this semester.

Grading Policy: Each exam accounts for 25% of the course grade.

Homeworks/quizzes/other account for 25% of the course 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: 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

August 30	Wednesday	Classes Begin
September 4	Monday	Labor Day Holiday
September 6	Wednesday	Last day for changing courses
September 26	Tuesday	Exam 1
September 27	Wednesday	Last day for dropping courses without academic penalty
October 9-10	Monday-Tuesday	Midsemester Break
October 18	Wednesday	Midterm reports due in the Office of Records and Registration
November 2	Thursday	Exam 2
November 7-9	Tuesday-Thursday	Preregistration for spring semester
November 22-24	Wednesday-Friday	Thanksgiving recess
December 11-12	Monday-Tuesday	Physical education exam on last day of class
December 12	Tuesday	Classes End
December 13	Wednesday	Reading Day
December 15-16, 19-21	Thursday-Friday, Monday-Wednesday	Final exams

## Course Outline

Week 1; August 30- September 1

Chapter 1. Macroeconomics and the Economic Perspective

Week 2: September 4-8 (Monday-Labor Day)

Chapter 2. The Price System

Chapter 3. Households and Firms in the Labor and Capital Markets

Week 3; September 11-15

Chapter 3. . Households and Firms in the Labor and Capital Markets (cont.)

Chapter 4. Measuring Economic Soutput and Unemployment

Week 4; September 18-22

Chapter 5. The Cost of Living and Inflation

Chapter 6. The Full-Employment Model

Week 5; September 25-29

September 26 – Exam 1(Chapters 1-6)

Chapter 7. Government Finance at Full-Employment

Week 6; October 2-6

Chapter 8. The Open Economy at Full-Employment

Chapter 9. Economic Growth

Week 7; October 9-13 (Break Oct. 9-10)

Chapter 10. Money, the Price Level and the Federal Reserve

Week 8; October 16-20

Chapter 11. Introduction to Macroeconomic Fluctuations

Chapter 12. Aggregate Expenditures and Income

Week 9; October 23-27

Chapter 13. Aggregate Demand and Inflation

Chapter 14. The Federal Reserve and Interest Rates

Week 10; October 30-November 3

November 2 – Exam 2 (Chapters 7-14(partial))

Week 11; November 6-10

Chapter 15. The Role of Macroeconomic Policy

Week 12; November 13-17

Chapter 16. International Trade and Trade Policy  
(Globalization discussions)

Week 13; November 20-24 (Thanksgiving break 22-24)

Chapter 17. The International Financial System  
(Outsourcing discussions)

Week 14; November 27-December 1

Chapter 18. Policy in the Open Economy  
Interbeing Projects

Week 15; December 4-8

Interbeing Projects

Week 16; December 11-12- review for final

