

Econ 112
Principles of Macroeconomics
Spring 2010

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. Emphasis is placed upon the examination and manipulation of data sets available from the BEA and BLS websites—access to and basic understanding of Excel will be necessary for this part of the course. If you have no exposure to Excel there are many introductory YouTube videos to bring you up to speed.

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.

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.

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

January 13	Wednesday	Classes Begin
January 18	Monday	MartinLuther King Holiday
January 20	Wednesday	Last day for changing courses
February 5	Friday	Last day for dropping courses without academic penalty
February 15	Monday	Exam 1
March 8-12	Monday-Friday	Spring Break
March 29	Monday	Exam 2
April 27	Tuesday	Classes End
April 28	Wednesday	Reading Day
See exam schedule		Final Exam

Course Outline

Week 1; January 13

Chapter 1. Macroeconomics and the Economic Perspective

Week 2 January 20

Chapter 2. The Price System

Week 3; January 25-29

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

Chapter 4. Measuring Economic Output and Unemployment

Week 4; February 1-5

Chapter 5. The Cost of Living and Inflation

Chapter 6. The Full-Employment Model

Week 5; February 8-12

Chapter 7. Government Finance at Full-Employment

Week 6; February 15

Exam 1 (Chapters 1-7)

Chapter 8. The Open Economy at Full-Employment

Week 7; February 22-26

Chapter 9. Economic Growth

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

Week 8; March 1-5

Chapter 11. Introduction to Macroeconomic Fluctuations

Chapter 12. Aggregate Expenditures and Income

Week 9; March 8-12

Spring Break

Week 10; March 15-19

Chapter 13. Aggregate Demand and Inflation

Week 11; March 22-26

Chapter 14. The Federal Reserve and Interest Rates

Chapter 15. The Role of Macroeconomic Policy

Week 12; March 29-April 2

Exam 2 (Chapters 8-15)

Chapter 16. International Trade and Trade Policy

Week 13; April 5-9

Chapter 17. The International Financial System

Social Security and Medicare

Week 14; April 12-16

Chapter 18. Policy in the Open Economy

Financial Meltdown and Great Recession

Week 15; April 19-23

Financial Meltdown and Great Recession

Week 16; April 26

Course evaluation and review for final (Exam 3-comprehensive)