ECONOMICS 211.02: INTRODUCTION TO MACROECONOMICS Gary Galles AC 237 Fall 2022

TF 10-11:30, BPC 191 OH Tu, F 9:30-9:50; 11:40 - 1; Th 2-3:30; and by appointment

Required Text: Gwartney, et al., Macroeconomics; Private and Public Choice (17th ed., 2022) ISBN# 978-0-357-13400-9.

Macroeconomics is the study of the larger scale aggregates in the economy, such as unemployment, output and the price level, and their determinants and interactions. To study macroeconomics, we will build the necessary basic microeconomic tools; expand those tools’ application, including related measurement issues, to the economy as a whole; use those tools to investigate the effects of fiscal policy--government purchases, net taxes, and effects on deficits and debt--and monetary policy; deal with stabilization policy and expectations, economic growth, and aspects of international trade and finance.

After completing this course, students will be able to: understand and apply the core principles of economics, including opportunity cost, marginal thinking, comparative advantage, gains from voluntary exchange, and supply and demand; understand and apply the aggregate supply and demand model, particularly with regard to effects on the price level and inflation, real and nominal output, employment and unemployment; understand and apply the analysis of fiscal policy (government tax and expenditure policy) and monetary policy in the aggregate supply and demand model; and understand differences between schools of macroeconomic thought and the difficulties of stabilization policy, particularly problems of measurement, forecasting, lags, and expectations.

Class meetings will be Tuesdays and Fridays in BPC 191. For each class meeting, students should have read the assigned material and should have the text and other readings and relevant handouts with them. I may also send you Messages (via Courses and/or email) before some class sessions about the material and our class discussions. Be sure to pay close attention to the handouts and the extensive review questions and answers, which increase in frequency and importance as we proceed. They often go substantially beyond the text’s discussion both in organization and application and provide the best idea of what to expect will be emphasized on exams.

COURSE OUTLINE

Topics Chapters

1. The Economic Approach 1

2. Introduction to Basic Economic Tools 2, 18

3. Supply, Demand, and the Market Process 3, 4

4. Output and Prices: Theory and Measurement 7

5. Macroeconomic Fluctuations, Unemployment 8

and Inflation

6. The Basics of Macroeconomics 9

7. Aggregate Supply and Demand 10

8. Fiscal Policy and Economic Growth 11, 12, 16

9. Money, the Banking System and Monetary Policy 13, 14

10. Stabilization Policy and Expectations 15

Exams will be objective and heavily focused on application; rote memorization of definitions will not be sufficient to do well on the exams. Because of that focus on application, questions are often more difficult than memorization questions, grade cutoffs will reflect that. My expected course grade cutoffs will be roughly 80% for an A; 70% or for a B; 50% for a C; 46% for a C-; 42% for a D. That will apply to each exam and overall in the course.

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COURSE SCHEDULE

1. Tuesday 8/30 Introduction; Economic Paradigm Handout

2. Friday 9/2 Ch. 1

3. Tuesday 9/6 Ch. 2, Ch. 2 Addendum

4. Friday 9/9 Ch. 2, Ch. 18 (360-362)

5. Tuesday9/13 Ch. 3

6. Friday 9/16 Ch. 3, Supply and Demand Handout

7. Tuesday 9/20 Ch. 4 (70-72, 80-85, 88-91)

8. Friday 9/23 Ch. 4 (72-80), review

9. Tuesday 9/27 **Exam 1** (Chapters 1-4, 18)

10. Friday 9/30 Ch. 9 (175-178), Ch. 7 (132-140), Circular Flow Handout

11. Tuesday 10/4 Ch. 7 (140-151), Ch. 7 Addendum

12. Friday 10/7 Faculty/Staff Leadership Conference; no classes meet

13. Tuesday 10/11 Ch. 8 (156-162), Measurement Review Handout

14. Friday10/14 Ch. 8 (162-172)

15. Tuesday 10/18 Ch. 9 (178-187), AS/AD Basics Handout

16. Friday 10/21 Ch. 9 (187-195), AD Shifts Handout

17. Tuesday 10/25 Ch. 10 (197-201, 205-208, 210-214), AD Shifts Handout

18. Friday 10/28 Ch. 10 (201-204, 208-210), Special Topic 7, review

19. Tuesday 11/1 **Exam 2** (Chapters 7- 10, Special Topic 7)

20. Friday 11/4 Ch. 11 (217-222), Expenditure Multiplier/Crowding Out Handout

21. Tuesday 11/8 Ch. 11 (222-229) Multiplier/Crowding Out Review Questions

22. Friday 11/11 Ch. 12 (231-237, 241-246) Multiplier/Crowding Out Quiz

23. Tuesday 11/15 Ch. 12 (237-241), Ch. 4 (85-87), Ch. 16 (311-321), Fiscal Policy Review & Quiz

24. Friday 11/18 Ch. 13 (248-259)

25. Tuesday 11/22 Ch. 13 (259-268), Money Supply Handout

26. Friday 11/25 Thanksgiving Holiday

27. Tuesday 11/29 Ch. 14 (270-279), Money Supply and Demand Review Questions

28. Friday, 12/2 Ch. 14 (279-290), Money Supply and Demand Quiz

29. Tuesday 12/6 Handouts

30. Friday, 12/9 Chapter 15 (291-299), Stabilization Handout

30. Wed, 12/14 **Final Exam** (cumulative after first exam), 4:30 p.m.

The indicated readings are to be completed in advance of each class. Do not be surprised if they require more than one reading to be mastered. If you have questions before class, please email them to me. Also please ask them when they arise in class.

EXAM DATES AND COVERAGE

Midterm 1 Chapters 1-4, 18 (Tuesday, 9/27).................................................................100 points.

Midterm 2 Chapters 7-10, Special Topic 7 (Tuesday, 11/1)..........................................150 points.

Final Exam Cumulative after Midterm 1 (Wednesday, 12/14; 10:30 a.m.)……….......….200 points.

GRADING

Grades will be based on the total points earned out of 450 possible points on the exams, although substantial improvement after the first exam will also be taken into account.

Course Policies and Disclosures

Student Learning Objectives: The student learning objectives in this course, provided on the first page of the syllabus, are in support of the following learning objectives of the economics major:

Relate the core intuitions of economics – marginal analysis, supply, demand, Nash equilibrium, quantity theory, etc. – to economic and social phenomena, in order to produce sound economic analysis.

Use formal (mathematical) theoretical models to illustrate economic concepts.

Explain show the foundational insights of the economics of micro and macro policy.

The student learning objectives in this course, provided on the first page of the syllabus, are in support of the following General Education Learning Outcomes:

Critical thinking--Students analyze issues, ideas, behaviors, and events to develop opinions, solutions, or conclusions; Quantitative reasoning--Students reason and solve quantitative problems and explain mathematical concepts and data; Scientific reasoning--Students use the scientific method to investigate the natural or physical world; Human institutions & behavior--Students describe the major concepts of economics, psychology, or sociology to explain institutional and human behavior.

Relationship to the Christian Mission of the University: As social science, economics offers a great deal of value in improving both individual and collective decision-making. But perhaps its greatest contribution is in recognizing the inherent interconnectedness of people and choices and focusing on ways to enhance the social cooperation which is the basis for the economic well-being of the members of society, which Christians are called upon to care about deeply.

Academic Integrity: Students are responsible for knowing and abiding by the university’s policies and procedures for academic integrity, which will be enforced in this class. They can be found at [http://seaver.pepperdine.edu/academicintegrity/policies/](about:blank).

Student Accessibility: The Office of Student Accessibility (OSA) provides services and accommodations in accordance with the ADA and section 504 of the Rehabilitation Act. Pepperdine recognizes that each student is a unique individual and that the effect of a particular disability can vary from student to student. As a result, accommodations are determined through an interactive process with the student, OSA, and medical and mental health professionals. Any student with a documented disability (physical, learning, or psychological) needing academic accommodations should contact the Office of Student Accessibility [located at Student Assistance Center #105, phone: (310) 506-6500), email: student.accessibility@pepperdine.edu] as early in the semester as possible. All discussions will remain confidential. Please visit http://www.pepperdine.edu/disabilityservices/ for additional information.

Intellectual Property Rights of the Professor: All class lectures and materials remain the intellectual property of the faculty member. No individual may reproduce or distribute any Course Intellectual Property without the permission of the professor. Copyright 2022 Gary M. Galles as to this syllabus and all lectures.

Responsibility lies with the student to review course materials, including notes to the class and complete exams and assignments on a timely basis.

Online Evaluations: Students are expected to complete the online evaluation of the course and teacher at the end of the semester.