

ECON 100
Principles of Macroeconomics
American University, Fall 2005

Instructor: Maria Heracleous

Office: 221 Roper

Office Hours: W: 10:00-12:00 a.m.

F: 2:00- 4:00 p.m.

and by appointment.

Lectures: TF 12:45 - 14:00 p.m. BIC 102

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Course webpage: AU "Blackboard"

Description of the course

This course is an introduction to Macroeconomics. The focus will be on understanding how entire economies behave. During the course you will learn to:

Understand Basic Economic Concepts. These include the laws of supply and demand; the nature of the markets and market equilibria; Economic growth; the fundamentals of international trade; the causes and effects of trade and budget deficits; and how the government can affect the economy by spending, taxing and adjusting the money supply.

Understand How To Use Economic Models. Economics is an analytical subject. You will learn to use inductive reasoning and other scientific methodology necessary to understand this and other (social) sciences. In short, you will learn to think like an economist.

Understand The News. Much of what happens in the world involves economics. This course will enable you to intelligently assess international economic events, including balanced budget legislation, international free trade agreements, and domestic policies designed to affect economic output, inflation and unemployment. We will discuss current event such as the actions taken by the Federal Reserve, the potential effects of current fiscal legislation, and the problems and solutions associated with saving and the Social Security program.

Required Text

The required text for this course is *Principles of Macroeconomics* by Case and Fair, 7th edition. **Prentice Hall Website:** <http://www.prenhall.com/casefair>

Exams, Grades and attendance

There will be four homework sets and four exams. The lowest exam grade will be dropped and the remaining three grades will each worth 25%. The homework assignments will be designed to help you prepare for the exams. Exams and homeworks will count towards your grade as follows:

| | |
|---------------------|-----|
| Class Participation | 5% |
| Homeworks | 20% |
| Exams (Best 3) | 75% |

Exams will be mainly multiple choice with some short questions. Problem solving skills will be required. You will need to be able to **use** the models and tools not just memorize them. Exams may include material from reading assignments, lectures and internet assignments.

Regular attendance is strongly encouraged. Consistent class attendance and participation will greatly increase your chances for success, as well as lightening your outside of class workload.

DO NOT MISS TESTS! Makeup exams will not be given. If you miss a midterm, you will receive a zero for that exam and that exam will be your lowest grade and therefore will be dropped. If you miss a second midterm, a zero will be averaged in as one of your midterm grades. In the event that this occurs, you must come and see me to discuss your situation before you can receive grade for the class. **All the exams will be administered in strict observance of the University Honor Code, without compromise or exception.**

Internet

The class webpage will be used to post announcements, assignments, homework problems, exam results and other class related items. You are responsible for checking it on a regular basis, and completing any assignments posted there. In addition, the Prentice Hall publishing company provides a website, which accompanies your textbook. There you will find practice quizzes to test your understanding of the course material. Links to pertinent websites may also be provided on the course webpage. If this is the case, you are responsible for accessing those links, and being familiar with the content of that website plus any discussion we may have in class. These will be designed to be interesting and fun.

Email

You are encouraged to email me about any arrangements or special needs you might have. To ensure that I respond promptly, you must put "Econ100" (without the quotes) in the subject box. You may include any further information to indicate the nature of the email, but you must put Econ100 somewhere in the subject. I will try to respond as soon as possible.

General Education Information

Principles of Macroeconomics, (Econ-100) is a foundation course in Curricular Area 4 (Social Institutions and Behavior) of the University's General Education Program. It is the first of a two-course sequence. Second-level courses include Poverty and Culture (AMST-240G), Principles of Microeconomics (ECON 200G), Schools and Society (EDU-200G), Personal Finance and Financial Institutions (FIN-200G), Political Power and American Public Policy (GOVT-210G), Ethics in the Professions (PHIL-240G), Inequality: Class, Race Ethnicity (SOCY-210G) and Gender Politics and Power (WGST-225G).

Tentative Course Outline

Introduction

- Chapter 1: The Scope and Method in Economics
Chapter 2: The Economic Problem: Scarcity and Choice

Review of Demand and Supply

- Chapter 3: Demand Supply and Market Equilibrium
Chapter 4: The Price System and Demand and Supply

Introduction to Macroeconomics

- Chapter 5: Introduction to Macroeconomics

Exam 1 Tuesday September 20

- Chapter 6: Measuring National Output and National Income
Chapter 7: Long run and Short run concepts: Growth, Productivity, Unemployment, Inflation

The Government and Fiscal Policy

- Chapter 8: Aggregate Expenditure and Equilibrium Output
Chapter 9: The Government and Fiscal Policy

Exam 2 Tuesday October 18

The Money Market , the Federal Reserve and Monetary Policy

- Chapter 10: The Money Supply and the Federal Reserve
Chapter 11: Money Demand, the Equilibrium Interest Rate and Monetary Policy
Chapter 12: Money, the Interest Rate and Output: Analysis and Policy +Appendix

Exam 3 Friday November 11

Macroeconomic Analysis and Issues

- Chapter 13: Aggregate Demand, Supply and Inflation
- Chapter 15: Macroeconomic Issues and Policy
- Chapter 20: International Trade, Comparative Advantage and Protectionism
- Chapter 21: Open Economy Macroeconomics: The Balance of Payments and Exchange Rates

Exam 4 Friday December 9

Homework due dates and Exam dates:

Homework 1: Friday September 16

Midterm 1: Tuesday September 20

Homework 2: Friday October 14

Midterm 2: Tuesday October 18

Homework 3: Tuesday November 8

Midterm 3: Friday November 11

Homework 4: Tuesday December 6

Final Exam: Friday December 9

Note: Homework assignments are due at the beginning of class

This outline represents a basic course plan that is subject to change. You are responsible for any changes which are announced in class or posted on the website.