

**AMERICAN UNIVERSITY  
DEPARTMENT OF ECONOMICS**

Econ 100.01  
**MACROECONOMICS**  
Fall 2002  
Ward 1

Prof. Jon D. Wisman  
Office: Roper 113  
Phone: 885-3157; -3158  
Office Hours:  
M: 11:15 - 2:15  
Th: 11:15 - 1:15

**SYLLABUS**

**TEXTBOOKS**

David C. Colander, *Macroeconomics*, 4rd Ed. Boston: Irwin, 2001.

Robert Heilbroner and William Milberg, *The Making of Economic Society* 11<sup>th</sup> ed. Upper Saddle River, N.J.: Prentice Hall, 2001.

Milton Friedman, *Capitalism and Freedom*. Chicago: University of Chicago Press, 1962.

Robert Heilbroner, *The Worldly Philosophers*, 6<sup>th</sup> ed. New York: Simon and Schuster, 1992, 6th ed.

**GENERAL EDUCATION REQUIREMENTS:** This course, 19.100 Macroeconomics, is one of seven foundation courses in Curricular Area 4 (Social Institutions and Behavior) in the University's General Education Program. It is the first of a two-course sequence. You must take one of the following courses in order to complete the General Education requirements for Curricular area 4:

02.240 Poverty and Culture  
13.200 Personal Finance and Financial Institutions  
Econ 200 Microeconomics  
53.210 Political Power and American Public Policy  
65.210 Inequality: Class, Race, Ethnicity  
65.220 Work and Leisure in America

**ACADEMIC INTEGRITY**

Standards of academic conduct are set forth in the University's Academic Integrity Code. By registering, you have acknowledged your awareness of the Academic Integrity Code, and you are obliged to become familiar with your rights and responsibilities as defined by the Code. Violations of the Academic Integrity Code will not be treated lightly, and disciplinary actions will be taken should such violations occur. Please see me if you have any questions about the academic violations described in the Code in general or as they relate to particular requirements for this course.

**COURSE OBJECTIVES:** Macroeconomics deals with the aggregate behavior of a capitalist market economy. To better appreciate the workings of such an economy, this course will begin with a historical survey of the evolution of modern economic institutions and modern economic thought. Analysis will then be made of the theoretical frameworks that macroeconomists have developed to explain how contemporary capitalist economies function, the basic problems these economies face, and the solutions macroeconomists offer for these problems. The course will conclude with an examination of the economic challenges faced by former socialist nations and the less developed countries.

**COURSE REQUIREMENTS**

1. **Exams:** There will be two examinations: A midterm (Monday, October 21) and a final (Thursday, December 12, 8:30-11:00 a.m.). Please note: The **use of calculators is not permitted** during the examinations.



## I. The History of Modern Economics

### A. Introduction: Economics and Society (Aug. 26).

Colander, ch. 1.

Heilbroner and Milberg, ch. 1.

### B. Pre-Industrial Economies and Some Basic Theoretics (Aug. 29, Sept.5).

Heilbroner and Milberg, ch. 2.

Colander, ch. 4.

### C. Origins and Emergence of Capitalism (Week of Sept. 9).

Colander, ch. 2.

Heilbroner and Milberg, ch. 3.

Robert Heilbroner, *The Worldly Philosophers*, chs. 1-3.

Adam Smith, *The Wealth of Nations*, Book I, chs. 1-3 (about 17 pp. ).

## \*\*\*REACTION PAPER 1 DUE SEPTEMBER 16\*\*\*

### D. Reaction to Capitalism (Sept. 16, 19, 23).

Heilbroner and Milberg, ch. 4.

Heilbroner, *The Worldly Philosophers*, chs. 4, 5, 6.

Thomas R. Malthus, *On Population*. New York: Modern Library, 1960, Preface, Chs. 1,2 (about 14 pp.).

Karl Marx and Friedrich Engels, "Manifesto of The Communist Party," in Robert C. Tucker (ed.), *The Marx-Engels Reader*. New York: W.W. Norton, 1978, (about 30 pp.).

### E. An Overview of the U.S. Economy and World Trade (Sept. 26).

Colander, ch. 3.

Heilbroner, *The Worldly Philosophers*, ch. 8.

### F. The Magic of the Market (Sept. 30, Oct. 3).

Colander, ch. 5.

Milton Friedman, *Capitalism and Freedom* (All).

Heilbroner and Milberg, ch. 5.

John Kenneth Gailbraith, *The New Industrial State*, New York: Houghton-Mifflin, 1967, Ch 3 (about 11pp.).

Jon D. Wisman, "Keynesian Economics and Economists' Views on the State," *Forum for Social Economics*, 16, Fall 1986, 1-15.

## II. Prosperity and Recession: The Keynesian Revolution

## \*\*\*REACTION PAPER 2 DUE OCTOBER 14\*\*\*

### A. Introduction (Oct. 10).

Colander, chs. 6, 7, 8.

Heilbroner and Milberg, chs. 6, 7.

Heilbroner, *The Worldly Philosophers*, Ch. 9.

### B. Keynes versus the Classical School (Oct. 11).

Colander, ch. 9.

## \*\*\*MIDTERM EXAMINATION OCTOBER 21\*\*\*

### C. The Basic Keynesian Model (Oct. 14, 21, 28).

Colander, chs. 10, 11, 12.

**\*\*\*FIELD TRIP PAPER DUE NOVEMBER 7\*\*\***

- D. **The Role of Money** (Oct. 31, Nov. 4, 7).  
Colander, chs. 13, 14.
- E. **The Contemporary Struggle for Macroeconomic Stability** (Nov. 11, 14, 18)  
Colander, ch. 15.  
Heilbroner and Milberg, chs. 8-11.

**\*\*\*REACTION PAPER 3 DUE NOVEMBER 25\*\*\***

- F. **The Stability/Instability of the World Economy** (Nov. 21, 25, Dec. 2): There will be additional readings assigned for this section.  
Colander, chs. 16, 17, 18.  
Heilbroner and Milberg, ch. 12, 14.  
Robert Dunn, Jr., "The Routes to Crisis Contagion," *Challenge*, November/December 2001, 45-58.  
Jon D. Wisman, "Creative Destruction and Labor's Options" *Forum for Social Economics*, 30 (2), Spring 2001, 51-76.

- III. **The Struggle for Economic Development** (Dec.5, 9).  
Heilbroner and Milberg, ch. 13.  
Interview with William Easterly, "The Failure of Economic Development," *Challenge*, Jan./Feb. 2002, 88-103.

**\*\*\*FINAL EXAM: DECEMBER 12, 8:30-11:00 a.m.\*\*\***