

The American University
Department of Economics

Spring Semester 2003
Maria S. Floro
Econ 100

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Prof Floro's Office Hours:

Tues 3:00-5:00 pm
Wed 2:30-6:00 pm

TA's office hours: Thursdays 2-4 pm

Econ 100 - MACROECONOMICS

Macroeconomics is one of seven foundation courses in Curricular Area 4 (Social Institutions and Behavior) in the University's General Education Program. The main purpose of this dimension of the university curriculum is to foster better and more operational understanding of various social institutions as well as pertinent issues that challenge policy makers in our increasingly interdependent world.

Each foundation course introduces students to the concepts and perspectives of a particular discipline and cultivates analytical skills appropriate to international and/or inter-cultural studies. Additionally, it is the first course in a two- course sequence linked by common or complementary ideas and approaches, either with the same discipline or across disciplines.

Students who take **Macroeconomics** may complete the sequence in the Social Institutions and Behavior Area by taking one of the following second level courses in Area III:

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

Academic Honesty

Standards of academic conduct are set forth in the University's Academic Integrity Code. As a registered student, you are obliged to become familiar with your rights and responsibilities as defined by the Code. Violations of the Academic Integrity will not be treated lightly, and disciplinary actions will be taken should such violations occur.

I trust that students in this course will follow the ***Academic Integrity Code of the University*** in their exams, assignments and papers. With regards to the last requirement, make sure that you cite your sources or references properly; avoid any form of plagiarism. I encourage you to work with your fellow students, but what you hand in or present must be your own work.

COURSE OBJECTIVES

The objective of this course is to introduce students to the concepts and tools for better understanding of the workings of the economy. It aims to give students a better sense of how economic institutions function and what economic thinking lies behind the varied attempts of governments and international organizations to deal with economic growth, employment, inflation and sustainable development. Since we live in an increasingly interdependent world, this course will take an international dimension with emphasis on the world economy.

This course will begin with an overview of economics as a social science discipline and the US economy in a global setting in Part I. This is followed by a historical survey of the evolution of modern economic institutions and economic thought (Part II). This includes an examination of the major economic institutions in the United States and in the global economy. Although great advances have been made over the last thirty years by way of improvements in economic well-being, the gains have not been shared equally by everyone, particularly the marginalized segments of society, nor are they sustained over time. In Part III, we are introduced to the macroeconomic problems that most economies of the world, including the United States, today face and the various macroeconomic theories and analytical models which offer alternative explanations and solutions (policy options). The course concludes with a discussion of the various development strategies adopted worldwide and the manner in which they may advance or hinder the attainment of broad-based sustainable development

CLASSROOM RULES AND HELPFUL TIPS

I strongly recommend that students read their class notes and the relevant reading material AHEAD and before coming to class. Lecture notes will be given in class but will necessarily be sketchy. Students will thus be required to use the assigned readings in this course to "beef up" their skeletal notes. Although regular attendance in class is not mandatory or rigidly enforced, students will be held responsible for everything covered in class.

Additionally, students are encouraged to ask questions and participate in classroom discussions. Students should not be afraid to ask questions in class anytime something is not clear. Students may also participate in occasional discussion groups. Attendance and participation is strongly encouraged.

I would appreciate it if you observe strictly my office hours (see above). In certain cases, you may set up an appointment beforehand to see me at other times. My teaching assistant, Razmi, is available to help you in going through some of the more difficult/technical part of this course. Tutorial and review sessions will be arranged on a periodic basis.

COURSE MATERIALS

1. Required Text:

Colander, David, **Macroeconomics**, Richard Irwin, Inc., Illinois, **2001**

2. *Recommended Textbooks:*

Heilbroner, Robert, **The Worldly Philosophers**, Simon and Shuster, Inc. 1986.

Dollars and Sense, **Real World Macro**, 2002.

In addition, handouts will be given occasionally. Students are also encouraged to read on current events in the major newspapers such as the Financial Times, the Washington Post and the Economist, particularly those relevant to the topics of current class discussion.

COURSE REQUIREMENTS

I. *Exams (60%)*

There will be a midterm and a final examination. Each exam is worth 100 points or a total of 200 points which is 60% of your grade.

Important note: THERE WILL BE NO MAKEUP EXAMS.

II. *Reaction Papers (30%)*

- C Each student is required to write three (3) short reaction papers on the assigned readings. They must cover **all the readings** on the designated section (s) [see below] **and at least one or two relevant major news articles** from the Financial Times, New York Times, the Washington Post, the Economist, and/or Wall Street Journal. Each of these readings must be properly footnoted and cited. Please attach the major news articles.

Paper No. 1 - Section E or F, Part II	Due date: March 5
Paper No. 2 - Section A or C, Part III	Due date: April 2
Paper No. 3 - Section D or E, Part III	Due date: APRIL 23

- C Each paper should not be simply a summary of the readings, but rather your critical thinking and personal reflections on the major themes/ issues. The group discussion meetings can be helpful in writing your reaction papers.

- C Each paper must be typed, double-spaced and should have a maximum length of 4 (four) pages. You should *attach a copy of the news article* with your paper. **PLEASE MAKE NOTE OF THE DUE DATES. LATE PAPERS (RECEIVED ANYTIME AFTER THE DUE DATE) WILL GET THE DEFAULT GRADE OF D (or point equivalent).**

- C Each paper is worth 33 points, or a total of 100 points which is 30% of your grade. The papers will be graded based on (i) the student's ability to integrate class reading materials into his/her reflections on the issue(s), and (ii) the clarity and logic of the student's

presentation of his/her own thoughts. As usual, good writing and organization also influence the grade. Make sure that proper citation of references are made as this will be part of grading as well.

III. Group Discussions and Assignments (10%)

There will be periodic group discussion meetings and occasional assignments which constitute 30 points or 10% of your grade. Attendance and participation is strongly encouraged.

First Discussion Meeting: Week of January 29

Second Discussion Meeting: Week of February 19.

Third Discussion Meeting: Week of March 19

Fourth Discussion Meeting: Week of April 9

Final Discussion Meeting: Week of April 23.

Review Session: April 30

IV. Grading

The Final Grade will be based on:

Mid-semester exam	100 points (30%)
Reaction Papers	100 points (30%)
Finals	100 points (30%)
Group Discussions/Assignments	30 points (10%)

TOTAL	330 points (100%)
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A Word of Advice:

If this course does not fully meet your expectations, I advise you to drop it at your earliest convenience. There is no point suffering through it and hurt your GPA. If you have problems with the course, please contact the TA, the professor or your advisor as soon as practicable. Students will be asked at the beginning of the semester to evaluate the rules and course requirements. Once they are agreed upon, it is the student's responsibility to follow them.

COURSE OUTLINE AND ASSIGNED READINGS

PART I: THE WORLD OF ECONOMICS

Week 1, January 15

Course Overview

What is Economics?
What is Broad-Based Sustainable Development?

* Colander, Ch. 1

Week 2, January 22

Economic Reasoning, Tools and Key Concepts
The US Economy in a Global Setting

* Colander, Chaps 2 (pp. 33-42) and 3
 * Handout No. 1: Facts about the Global Economy.

Part II History of Contemporary Economic Thought and Economic Institutions

Week 3, January 29

A. Origins and Emergence of Capitalism

*Colander, Chap. 2 (pp 28-33)
 *Heilbroner, Chapters 2 (skim background) and 3 (pp.50-74)

Weeks 4-5, February 5, 12

B. Reaction to Capitalism
C. Rise of Neoclassical Economics
D. The Prominence of Supply-Demand Analysis

*Heilbroner, Chapters 4 (Malthus and Ricardo) and 6 (pp. 142-169),
 Chap 7 (pp.172-77 and 199-212).
 *Colander, Chapters 4 and 5 (pp. 103-112)

Week 6. February 19

E. Prosperity and Recession: The Keynesian Revolution
F. Economic Growth, Business Cycle and Unemployment

*Colander, Chapter 6
 *Heilbroner, Chapter 9

Week 7, February 26

MIDTERMS

PART III: Macroeconomic Issues: Concepts, Theory and Policy Options

Week 8, March 5

A. Measuring the Total Output of the Economy

* Colander, Chapter 7 (161-174), 8 (pp. 182-186).

* Handout No. 2: Human Development Report 1999, Chap 5: A The Invisible heart- Care and the Economy@

SPRING SEMESTER BREAK

Weeks 9-10: March 19, 26

B. Macroeconomic Theory: Aggregate Demand and Aggregate Supply Models

* Colander, Chapters 9 and 10

Week 11 April 2

C. Fiscal Policies and Government Budgets

*Colander, Chaps 11(253-262) and 12 (pp. 274-284)

Weeks 12, April 9, 16

D. The World of Money and Finance

*Colander, Chapter 13 and 14

Week 14, April 23

* Colander, Chapter 16

May 7, 11:20-2:00 pm.

FINAL EXAM

