ECON 100.004H Principles of Macroeconomics American University, Fall 2008

Instructor: Maria Heracleous Lectures: MTH 2:10 - 3:25 p.m. SIS 15

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TH: 3:30-4:30 p.m. and by appt. 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:

<u>Understand Basic Economic Concepts</u>. 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.

<u>Understand How To Use Economic Models</u>. 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.

<u>Understand The News</u>. 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 the credit crunch that began in 2007.

Required Text

The required text for this course is *Principles of Macroeconomics* by Case and Fair, 8th 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.

Extra Credit Policy:

Presidential Elections 2008: Presidential Candidates and the Economy Presentations on the book *Freakonomics*, by Steven Levitt and Stephen Dubner

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

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 Thursday September 18

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 Monday October 13

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 Monday November 10

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 Monday December 8

Homework due dates and Exam dates:

Homework 1:	Monday	September 15
Exam 1:	Thursday	September 18
Homework 2:	Thursday	October 9
Exam 2:	Monday	October 13
Homework 3:	Thursday	November 6
Exam 3:	Monday	November 10
Homework 4:	Thursday	December 4
Exam 4:	Monday	December 8

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.