

# MACROECONOMICS

## Professor Daniel Lin

ECON 100-007H (3 credits)  
Fall 2008  
Ward 306  
M & Th 12:45 – 2:00 PM

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Office Hours: Th 2:00 – 6:45 PM & by appointment

### OBJECTIVES

ECON 100 is a survey course in macroeconomic theory. Whereas *micro*-economics is the study of individual parts of an economy, *macro*-economics is the study of the economy as a whole. Rather than studying the price and output of one good, we will study the *price level* and *total output* of an entire economy. We will learn how the government and the Federal Reserve can influence these variables. We will cover topics such as economic growth, unemployment, inflation, international trade, the business cycle, and stabilization policies.

I will show that supply-and-demand models can help us to understand many macro phenomena. Have you wondered why some countries are rich while others are poor? Why some people are so upset about globalization and outsourcing? Why green pieces of paper with pictures of dead presidents are so useful? What causes expansions and recessions? What we can do to prevent recessions? Macroeconomics will help you to answer these questions.

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### GENERAL EDUCATION PROGRAM

This course is one of four foundation courses in Cluster I of Curricular Area 4 (Social Institutions and Behavior) in the University's General Education Program. It is the first of a two-course sequence. To complete the General Education requirements for Cluster I of Curricular Area 4, you must also take one of the following: AMST 240, COMM 275, ECON 200, FIN 200, GOVT 210, GOVT 215, PHIL 240, SOCY 210, or WGST 225. More information about the General Education Program is available online at [www.gened.american.edu](http://www.gened.american.edu).

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### READINGS

Textbook – **Brief Principles of Macroeconomics, 3rd edition** by N. Gregory Mankiw

Articles – Posted on Blackboard

## PREREQUISITES

There are no prerequisites for this course – other than a curious mind, a willingness to talk, and a tuition check that does not bounce.

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## WRITING ASSIGNMENTS & EXAMS

There will be two writing assignments, each will be announced in class and posted on Blackboard. In addition, there will be three exams, each with multiple-choice and short-answer questions about the readings and the lectures. Each exam will focus on material covered since the previous exam.

The times and dates of the exams are in the Course Outline at the end of the syllabus. If you miss an exam, you must provide an acceptable reason and relevant documentation in a timely manner. We will schedule a make-up exam that will be MORE DIFFICULT. *Failure to follow these guidelines will result in zero points for the missed exam.*

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## GRADING

**Scale.** Writing assignments are not curved; exams are curved. For each exam, I will add points to everyone's exam until the average score to 78%. Each writing assignment and curved exam be assigned a grade on the following scale:

93 – 100% A	87 – 89% B+	77 – 79% C+	60 – 69% D
90 – 92% A-	83 – 86% B	73 – 76% C	0 – 59% F
	80 – 82% B-	70 – 72% C-	

**Errors.** If you find a grading error on your exam, bring the error to my attention. Requests for corrections must be made within ONE WEEK of the graded exam's return to the class.

**Weightings.** Each writing assignment will be 10% of your course grade. Your lowest curved exam will be 20% of your course grade. Your two higher curved exams will each be 30% of your course grade. There will be NO EXCEPTIONS to these weightings.

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## EXTRA CREDIT

When you ask a good question, make an insightful comment, or present a thoughtful criticism of the course material, I will add 2 percentage points to your next exam. In each class meeting, you can earn a maximum of 2 percentage points. You can have a maximum of 6 percentage points applied to each exam.

## **ACADEMIC INTEGRITY CODE**

Standards of academic conduct are set forth in the University's Academic Integrity Code, which is available online at [www.american.edu/academics/integrity/code.htm](http://www.american.edu/academics/integrity/code.htm). By registering, you have acknowledged your awareness of the Code, and you are obliged to become familiar with your rights and responsibilities as defined by the Code. Violations of the 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.

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## **STUDENTS WITH DISABILITIES**

Students who require academic accommodations due to documented disabilities should see me as soon as possible and contact Disability Support Services. All academic accommodations must be arranged through the DSS. More information is available online at [www.american.edu/occl/dss](http://www.american.edu/occl/dss).

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## **EXPECTATIONS**

Please provide a proper learning environment – turn off your cell phone, avoid repeated tardiness, and be courteous to other students. If you wish to make a comment, you should raise your hand. *If you repeatedly disrupt the class, I will subtract points from your next exam.*

If you are confused by the lectures or disappointed by an exam grade, you should approach me promptly for help. Improving your performance may be a time-consuming process that requires many meetings. *If you wait until the last minute to seek help, there may be nothing I can do.*

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## **COURSE OUTLINE**

Readings that refer to chapters are from the Mankiw textbook. Other readings are online, and you can find their links on Blackboard.

Mankiw	Ch. 1: Ten Principles of Economics
Mankiw	Ch. 3: Interdependence and the Gains from Trade
Mankiw	Ch. 4: Market Forces of Supply and Demand
Surowiecki	Save the Pentagon Futures Market!
Lee	Censoring Pleas for Help
Mankiw	Ch. 5: Measuring a Nation's Income
Mankiw	Ch. 6: Measuring the Cost of Living
Leonhardt	Seeing Inflation Only in the Prices That Go Up

**EXAM 1: THURSDAY, SEPTEMBER 25, 12:45 – 2:00 PM**

Mankiw	Ch. 7: Production and Growth
Krugman	In Praise of Cheap Labor
Barro	Rule of Law, Democracy, and Economic Performance
Krugman	The Accidental Theorist
Mankiw	Ch. 8: Saving, Investment, and the Financial System
Mankiw	Ch. 10: Unemployment
Mankiw	Ch. 11: The Monetary System
Mankiw	Ch. 12: Inflation

**EXAM 2: THURSDAY, OCTOBER 30, 12:45 – 2:00 PM**

Mankiw	Ch. 13: The Open Economy
Mankiw	Ch. 15: Aggregate Demand and Aggregate Supply
Mankiw	Ch. 16: Monetary and Fiscal Policy
Bernanke	Money, Gold, and the Great Depression
Mankiw	Ch. 17: Short-Run Tradeoff Between Inflation and UE
Caplan	Rational Ignorance
Caplan	Rational Irrationality

**EXAM 3: THURSDAY, DECEMBER 11, 11:20 AM – 1:35 PM**