

Econ 112.10J
Principles of Macroeconomics
Spring 2011

Instructor: Frank Maddox
318 Seney Hall
Phone-784-8357
Office Hours: M-Th: 1:00-2:00 p.m..

Course Description: Econ 112 presents the main national economic issues of unemployment, inflation and economic growth in the context of a theory of national income determination. The course begins by describing the economic problems facing every society and the possible ways that society can organize itself to solve these problems. The laws of demand and supply are examined.

Next, the measurement of the flow of national income and its major components, such as consumer spending, is summarized. These concepts become the basis for an explanation of the size of the total flow of income, and for policy recommendations to influence the size and stability of that flow. Aggregate demand for final output and aggregate supply of it are used to analyze business cycles, the deficit and fiscal policy. After describing money and the banking system, the role of the Fed in setting monetary policy is presented.

The twin problems of unemployment and inflation are then put into a theoretical, historical and policy perspective. The analysis is extended to include the balance of international payments and the foreign currency exchange markets. The course also examines factors that contribute to the long-run growth of national income and the development of the infrastructure of an economy. Finally we will examine the Financial Meltdown and the subsequent Great Recession which continues to inform our current economic environment and economic policy.

Course Objective: the goal of Econ 112 is to develop a framework which the student may use to analyze the overall behavior of modern national mixed capitalist economies. This framework introduces the student to the economic way of thinking about the macro-level forces at work in society

which shape economic performance and guide economic policy. Performance and policy then feed back to influence the business and social environment. Emphasis is placed upon the examination and manipulation of data sets available from the BEA and BLS websites—access to and basic understanding of Excel will be necessary for this part of the course. If you have no exposure to Excel there are many introductory YouTube videos to bring you up to speed.

Method of Instruction: Econ 112 is taught through a combination of lecture & discussion. Class interaction allows the students to discover the strengths and weaknesses of past and current policy executed by U. S. policy-makers.

Text Required to be Purchased by Student: Krugman, Paul & Robin Wells, Macroeconomics, 2nd edition, Worth Publishers, 2009. ISBN 978-0-7167-7161-6. Aplia Course Key: GQ2S-JVD7-HA79

Examinations, Homeworks, and Quizzes: There will be two in-term exams and a comprehensive final exam. Several homeworks and announced quizzes will be assigned during the semester. Homeworks will include problem sets and writing responses to assigned readings. Aplia on-line homework will provide practice and understanding throughout the semester. Iclickers will be used during class to encourage engagement and deeper understanding of the course material.

Grading Policy: Each exam accounts for 25% of the course grade. Homeworks/quizzes/other account for 25% of the course grade. Several of your assignments will be ungraded; ungraded but completed work will be assigned a numerical grade of 94—the lowest numerical value of an A grade. Your numerical average will be converted into a final letter grade:

A = 94 up to 100

A- = 90 up to 94

B+ = 87 up to 90

B = 84 up to 87

B- = 80 up to 84

C+ = 77 up to 80

C = 74 up to 77

C- = 70 up to 74

D+ = 67 up to 70

D = 60 up to 67

F = 0 up to 60

Attendance Policy: Attendance is required and will be recorded. One point will be deducted from the student's final numerical grade for each absence in excess of three absences.

Make-up Examination Policy: Make-up exams will be permitted only with written support (approved by the instructor) of serious situations which preclude the student's ability to take the exam during the scheduled time.

Honor Code – Students should re-read the honor code prior to taking this course. Academic misconduct will not be tolerated.

Important Dates

January 12 Wednesday Classes Begin

January 17 Monday Martin Luther King Jr. holiday

January 19 Wednesday Last day for changing courses

March 4 Friday Last day for dropping courses without academic penalty

March 7-11 Monday-Friday Spring recess

April 26 Tuesday Classes End

April 27 Wednesday Reading Day

April 28-29 Exams

Course Outline

Week I; January 13

Introduction and Chapter 1. First Principles

Week 2; January 17 – 21

Chapter 2. Economic Models: Trade-offs and Trade

Chapter 3. Supply and Demand

Week 3; January 24 – 28

Chapter 4. The Market Strikes Back

Chapter 5. International Trade

Week 4; January 31 – February 4

Chapter 6. Macroeconomics: The Big Picture

Week 5; February 7 - February 11

Chapter 7. Tracking the Macroeconomy

Week 6; February 14 – February 18

Chapter 7. Tracking the Macroeconomy (continued)

February 17 Exam 1 (Chapters 1-7)

Week 7; February 21 – 25

Chapter 8. Unemployment and Inflation

Week 8; February 28 – March 4

Chapter 9. Long-Run Economic Growth

Video: The Financial Meltdown

Week 9; March 7 – 11

Spring Recess

Week 10; March 14 – 18

Chapter 10. Savings, Investment Spending, and the Financial System

Week 11; March 21 – March 25

Chapter 11. Income and Expenditure

Week 12; March 28 – April 1

Chapter 12. Aggregate Demand and Aggregate Supply

Week 13; April 4 – April 8

Chapter 13. Fiscal Policy

Week 14; April 11 – 15

Chapter 14. Money, Banking, and the Federal Reserve System

Week 15; April 18 – April 22

Chapter 15. Monetary Policy

Chapter 16. Inflation, Disinflation, and Deflation

Week 16; 25 – 29

Review / Course Evaluations

Final Exam - Comprehensive