BASIC MACROECONOMICS, ECON 1100

The objective of the course is to understand the behavior of the U.S. Economy as a whole. A detailed list of the major concepts needed to achieve this objective is given in the course outline, below. We will begin with a study of microeconomic concepts, before focusing on several key variables such as gross domestic product, the unemployment rate, interest rates, and the rate of inflation. I will emphasize questions of whether and when government policy (taxation, spending, the supply of money, etc.) can improve economic performance.

Office Hours: Wednesdays 1:00 to 3:00 PM, or by appointment (please schedule these non-Wednesday appointments at least 2 days in advance).


Required Watching: Commanding Heights: The Battle for the World Economy. This is a 6 hour PBS documentary that is available on the PBS website and on YouTube. It is a bit outdated but you will find several macroeconomic concepts explained using historical events.

Course Requirements. Course requirements include the readings from the text and problems described below, four quizzes, a midterm exam, and a final exam. The midterm will count for a third of the final grade and the final will count for another third. The quizzes taken all together and will count for the final third of your grade. Don’t take any of these requirements for granted, as all of them will have a significant impact on your final grade.

Class Policies

Attendance: Attendance is required. I expect my students to be able to sit through the entire class. If you intend on leaving the class before I dismiss you without letting me know in advance, PLEASE DROP THE CLASS. Turn off cell phones and other electronic gadgets during class.

Each class session will be divided into smaller two sessions of eighty-five and eighty minutes, with a fifteen-minute break in between. On quiz days, the quiz will be given at the beginning of class (25 minutes) with the break occurring at the usual time. The midterm will be held on the first session of the assigned day.

Homework: There are problems at the end of each chapter. These will not be submitted. However, some of these problems will be very similar to some problems that will appear on the quizzes and exams. To some extent therefore, the exams will also show the amount of effort made by the student on the assigned problems.

Exams: The quizzes and the midterm exam will be written during class periods. Quizzes will be given after we finish each major topic of the course outline. Students are not allowed to leave the classroom while the exam is in progress.

For students who are have to take exams under certain conditions, I will need a letter from the Office of Disability Services at the beginning of the semester specifying what accommodations should be made for the student.

CHEATING on any of the exams in this course will result in a FAILURE IN YOUR FINAL GRADE.
Course Outline.

I. Introduction to the analysis of supply, demand, and market equilibrium.

*Major Concepts:* What is Economics? The efficiency of decentralized market economies. The Supply and Demand curves. Equilibrium. Factors that shift a supply or demand curve: substitutes, complements, changes in income, wages, input prices. Price ceilings and price floors; shortages and surpluses. It is essential that students understand the concepts slope and intercept. Specifically, you should understand and be able to apply the ideas presented in the appendix to Chapter 1 of the text.

(Below, "CFO" denotes the text, Case, Fair and Oster.)

- Read CFO: Chapter 1, including appendix, Chapters 2, 3, and 4.
- **Quiz:** *Chapters 1-4*

II. GDP, Inflation, Unemployment and the Business Cycle


- Read CFO: Chapters 5, 6, and 7.
- **Quiz:** *Chapters 5-7*
- **Midterm:** *Chapters 1-7*

III. The Simple Keynesian Theory of Consumption, Output, and Fiscal Policy


- Read CFO: Chapters 8 and 9.
- **Quiz:** *Chapters 8-9*

IV. Money, Banking, The Federal Reserve, and Monetary Policy


- Read CFO: Chapters 10, 11, and 12.
- **Quiz:** *Chapters 10-12*

V. Aggregate Supply, Aggregate Demand, and Equilibrium GDP


- Read CFO: Chapters 13, 14, and 15.
- **Final exam:** *From chapter 8 until where we stop (realistically, chapter 13 or 14)*