

Cedar Crest College
Economics 101
Principles of Economics: Macro 3 Credits
Fall 2009

Instructor: Chris Duelfer

Office: 205 Curtis Hall, (610) 606-4666 x3410

email: cduelfer@cedarcrest.edu

Office Hours: Mon. 11:00 – 12:00, 3:00 – 4:00

Wed. 11:00 – 12:00, 3:00 – 4:00

Fri. 11:00 – 12:00, 3:00 – 4:00

Text:

McConnell, Campbell R., Stanley R. Brue, and Sean M. Flynn, Macroeconomics: Principles, Problems, & Policies. Sixteenth Edition, McGraw-Hill, Inc. 2009. (ISBN 978-0-07-336594-7)

Heilbroner, Robert L., The Worldly Philosophers. Chapter 3, Sixth Edition, Simon and Schuster, 1986. Available at the course website under Doc Sharing.

Wall Street Journal. 15 week subscription.

Description:

An overview of basic economic concepts and principles and an analysis of how resources are allocated in capitalist a economy, followed by an examination of the factors that determine inflation, interest rates, employment and total output in terms of several models of aggregate economic activity, and a study of the monetary and fiscal institutions involved in formulating economic policy.

Course Objectives:

This course provides an overview of basic economic principles, which are powerful tools for understanding what's going on in the world and in our daily lives. Economics provides explanations for why jobs are easy or hard to find, why interest rates are high or low, and an array of factors that determine how well-off we are, as well as the policies the government uses to influence them. Ultimately, economics is about how well society uses its resources to produce the goods and services that it needs. The basic goal of this course is to develop a framework for understanding events and policy issues.

Course Outcomes:

Economics is not a set of facts to be learned, it is a framework for thinking about problems and issues and for analyzing policies. Students should be able to:

- Understand and utilize the basic economic principles needed to think coherently and consistently about the wide range of social problems that economic theory illuminates.
- Understand how a market economy solves fundamental social problems regarding the production and distribution of goods.
- Understand the factors that determine inflation, interest rates, employment, and total output, and the monetary and fiscal institutions involved in formulating economic policy.

Assessment:

Students will utilize economic principles to explain the operation of markets and the uses of fiscal and monetary policy via examinations, classroom discussions of current events, and by doing a project analyzing the factors currently influencing the macroeconomy.

Examinations:

There will be two hourly exams and a cumulative final exam. Exams can be rescheduled only with approval of the instructor **prior** to the exam date or in the event of an emergency. The exam dates are:

Exam #1: Wednesday, September 23

Exam #2: Wednesday, October 28

Final Exam: Your obligations for this course include attendance at the final exam, on the day and time scheduled by the Registrar's Office. You should not make travel arrangements until the final exam schedule is published; if you must make plans early, you should schedule your travel after the last final exam day.

Grading:

The two hourly exams and the final exam will each count 20% of your grade. A "Tracking the Economy" project will count for 20% of your grade. The remaining 20% of your grade will be determined by the level and quality of your classroom participation. Your grade will reflect your understanding of the concepts covered in class as well as your ability to apply tools of economic analysis to various problems.

Course Requirements:

- Attend class, keep current in all assignments.
- Participate in class discussions and analyses of current events.
- **Ask questions** if you don't understand something.

Attendance:

It is vital that you attend class. If you are unable to attend, you must notify the instructor as quickly as possible. Excessive absences will result in a lower grade.

Honor Code and classroom protocol:

I fully support the Cedar Crest College Honor Code and the Classroom Protocol code as stated in the Student's Guide.

Plagiarism: Students are expected to be familiar with Cedar Crest College's policy regarding plagiarism as stated in the Student's Guide. Depending on the severity of the offense, evidence of plagiarism will result in penalties that may range from a request to redo the assignment before a grade is assigned to failure of the course.

Students with Disabilities:

Students with documented disabilities who may need academic accommodations should discuss these needs with their professors during the first two weeks of class. Students with disabilities who wish to request accommodations should contact the Advising Center.

Extra Credit:

"Extra credit" is not available in this course. I believe that it is vital that you understand and are able to apply the concepts we cover, that the exams, paper, and participation are the best way to evaluate your performance, and that extra credit is unfair to other students who do "only" the required course work. If you are having difficulties with the course, it is your responsibility to seek help immediately; I will be glad to provide it.

The Course

I. Introduction

Some preliminary concepts. The economic problems facing all societies. Alternative economic systems. Introduction to supply and demand. The determination of market prices. The role of the price system in resource allocation. The self-regulating nature of markets.

Ch.1- Limits, Alternatives, and Choices

- Appendix to Ch.1: Graphs and Their Meaning

Ch.2- The Market System and the Circular Flow

Ch.3- Demand, Supply, and Market Equilibrium

- Appendix to Ch. 3: Additional Examples of Supply and Demand

- Heilbroner, Ch.3 (available at the course website)

II. National Income, Employment, and Fiscal Policy

Shocks, sticky prices, and macro instability. The measurement and meaning of national income. Business cycles- a preliminary view of unemployment and inflation. The determination of the equilibrium level of national income in the Keynesian model and the Aggregate Supply-Aggregate Demand model. The use of government spending and taxation policies to stabilize the economy.

- Ch. 6- An Introduction to Macroeconomics
- Ch. 7- Measuring Domestic Output and National Income
- Ch. 9- Business Cycles, Unemployment, and Inflation
- Ch. 10- Basic Macroeconomic Relationships
- Ch. 11- The Aggregate Expenditures Model
- Ch. 12- Aggregate Demand and Aggregate Supply
- Ch. 13- Fiscal Policy, Deficits, and Debt

III. Money, Banking, and Monetary Policy

The importance of money in the economic system. The relationship between the stock of money and the level of economic activity and prices. The banking system and the role of the Federal Reserve System.

- Ch.14- Money and Banking
- Ch.15- Money Creation
- Ch.16- Interest Rates and Monetary Policy

IV. Long-Run Perspectives

The sources and sustainability of economic growth.

- Ch.8- Economic growth