

Cedar Crest College
Economics 101-66
Principles of Economics: Macro
3 Credits
Spring 2010

Instructor: Chris Duelfer

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Office Hours: Mon. 11:00 – 12:00

Wed. 11:00 – 12:00, 3:00 – 4:00

Thurs. 1:00 – 3:00

Fri. 11:00 – 12:00

Text and Readings:

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

2. Wall Street Journal. 15 week student subscription. Click [here](#) to subscribe online. (Click on the “Students” button, then the “Subscribe now” button in the left-side frame, and then the “Semester schools” link.) You will be billed \$34.95. I apologize for the extra cost, but we will be using the WSJ for current events and for the project.

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, as well as the distribution of wealth and power in society.
- Understand the factors that determine inflation, interest rates, employment, and total output, and the monetary and fiscal institutions involved in formulating economic policy.

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 schedule is as follows:

- Exam 1 will be available February 15-February 21.
- Exam 2 will be available March 29-April 5.
- The final exam will be available May 3-May 9.

Grading Policy: The two hourly exams and the final exam will each count 20% of your grade. A project, "Tracking the US Economy" will count for 20%. The homework assignments will also count for 20% of your grade. 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.

General Policies:

Attendance: Well, let's call it "virtual" attendance. It is vital that you put time into this course each week, do the reading, and turn in the assignments on time. If you run into problems, let me know.

Honor Code: I fully support the Cedar Crest College Honor 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, homework, and project 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.

Important note about email: Each of you has a Cedar Crest College email account. Due to privacy regulations, I may not communicate with you about grades (and many other matters) via your personal email; I must use the official college email system.

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

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