

Eco111M (Class 2213)
Principles of Economics II: Macroeconomics
Spring 2005

Instructor: Zulkarnain Pulungan (Zul)

Lecture: MWF 1:40pm – 2:35pm in ED125

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Office Hours: MW 2:45pm – 4.00pm and by appointment

Course Description:

This course is the second part of the two-semester sequence of the principles of economics. It deals with the problems of economic decision-making at the aggregate level. The course will start with a brief review of the microeconomic concepts from Eco110M (this is a prerequisite course). The topics to be discussed in this course include

- Data of macroeconomics
- The real economy in the long-run
- Money and prices in the long-run
- The macroeconomics of open economies
- Short-run economic fluctuations
- Debates over macroeconomic policy

Eco 111M is a general Education Course in the Social Sciences Category. Characteristics of all General Education Courses:

1. offer introductions to the central topics of disciplines and interdisciplinary fields.
2. offer explicit rather than tacit understandings of the procedures, practices, methodology and fundamental assumptions of disciplines and interdisciplinary fields.
3. recognize multiple perspectives on the subject matter.
4. emphasize active learning in an engaged environment that enables students to be producers as well as consumers of knowledge.
5. promote critical inquiry into the assumptions, goals, and methods of various fields of academic study; they aim to develop the interpretive, analytic, and evaluative competencies characteristic of critical thinking.

Because ECO 111M under the *Social Sciences* requirement, the course has other objectives, in addition to those noted above. As a social science course, it should enable students to demonstrate:

1. an understanding that human conduct and behavior more generally are subject to scientific inquiry
2. an understanding of the difference between rigorous and systematic thinking and uncritical thinking about social phenomena
3. an understanding of the kinds of questions social scientists ask and the ways they go about answering these questions
4. knowledge of the major concepts, models and issues of at least one discipline in the social sciences
5. an understanding of the methods social scientists use to explore social phenomena, such as observation, hypothesis development, measurement and data collection, experimentation, evaluation of evidence, employment of mathematical analysis, employment of interpretive analysis

Prerequisites

The prerequisite for this course are: ECO 110M. Also you need to know plane geometry plus intermediate algebra (high school level), or a course in precalculus.

Text:

The text for this course is *Principles of Economics*, third edition (hardcover) by N. Gregory Mankiw, together with the *study guide* (for the Mankiw text) by David R. Hikes. The textbook has a website at www.harcourtcollege.com/econ/mankiw/. The website has resources that will assist students in preparing for exams, including practice multiple-choice questions.

Attendance:

Regular attendance is expected, although is not a formal requirement. Students are responsible for all materials, announcements and quizzes made in class. Do not email or call me to ask about the contents or announcements of a missed class period. Since coming late or leaving early disturbs other students in the class, this should occur only in rare circumstances.

Grading:

The final grade will depend on exam grades, homework and quizzes, weighted approximately as follows:

In Class Exam 1: Wednesday, March 2	(25%)
In Class Exam 2: Monday, April 4	(25%)
Final Exam: Friday, May 6: 3:30pm-5:30pm	(30%)
Homework assignments and Quizzes	(20%)

All examinations are scheduled in the same room the class meets in.

The final letter grades will be determined on the basis of a student's total numerical scores for the semester, on exams, homework assignments and quizzes, and will be curved in accordance with department policy. Exam will cover the materials in the lectures and textbook.

Note: Only under certain circumstances, hospitalization, death in immediate family, or religious observance, that are documented will be accepted as a reason for missing an examination. In such a case, I can give a make-up exam. Missed examination without appropriate documentation will be given zero grades.

Homework will be assigned regularly and must be turned in **on time** to receive full credit. If you miss class, it is your responsibility to check whether homework was assigned. Grade for late homework will be discounted 20% of total for each day. Missed quizzes without appropriate documentation will be given zero grades.

Conduct and Integrity:

Standards for student conduct, in class and outside, are set by University policy. Disruptive behavior is not tolerated. Occurrences of academic dishonesty may result in severest possible penalties being applied.

Course Outline

Part 8: Data of Macroeconomics

- 23. Measuring a Nation's Income
- 24. Measuring the Cost of Living

Part 9: The Real Economy in the Long Run

- 25. Production and Growth
- 26. Saving, Investment, and the Financial System
- 28. Unemployment and Its Natural Rate

Part 10: Money and Prices in the Long Run

- 29. The Monetary System
- 30. Money Growth and Inflation

Part 11: The Macroeconomics of Open Economies

- 31. Open-Economy Macroeconomics: Basic Concepts
- 32. A Macroeconomic Theory of the Open Economy

Part 12: Short-Run Economic Fluctuations

- 33. Aggregate Demand and Aggregate Supply
- 34. The Influence of Monetary and Fiscal Policy on Aggregate Demand
- 35. The Short-Run Tradeoff between Inflation and Unemployment

Part 13: Final Thoughts

- 36. Five debates over Macroeconomic Policy

Note: Portions of some of these chapters may be skipped.