

PRINCIPLES OF MACROECONOMICS

[ECON-51]

FALL 2007

Instructor: Professor Ludwig Chincarini, CFA, Ph.D.

Phone: 909-621-8881 (Office) 703-xxx-xxxx (Cell)

Email: chincarini@hotmail.com [preferred email – subject line: Econ51]

Office Hours: Carnegie 208 (Mon & Wed 4:15 – 5:30 PM or by request).

Class Hours & Location: Mon & Wed, 1:15 – 2:30 PM, ML 207

Prerequisites: None.

Course Description: *The course is on modern market economies. Emphasizes the determination of national income; fluctuations and growth; the monetary system; the problems of inflation and unemployment; and international trade.*

Course Objective: *To be able to understand basic macroeconomics.. To be able to read the newspaper or internet and understand issues related to the domestic economy, world trade or world investments. To be able to have an intelligent conversation about causes and consequences of various economic events.*

Required Texts:

Baumol, William J. and Alan S. Blinder. *Macroeconomics: Principles and Policy*, 10th Edition, Thomson South Western.

Reader (Soft Copy): A compilation of articles relevant to the course will be posted on Sakai for use as a reader companion.

Other Reading: Students are **strongly encouraged** to read the Wall St. Journal. Students can sign up for a subscription with me. Barrons is another interesting journal that students should consider.

Handouts: Depending on current news topics, handouts relevant to the material will be distributed to students throughout the semester. It will be the students' responsibility to obtain any missed handouts due to absence at a particular class.

A Note on Academic Honesty: Cheating is against the implicit honor code of Pomona College. Thus, projects, exams, quizzes, and homework should be done with complete integrity. If a case of cheating is detected, it will result in my reporting the act to the university administration. It can also lead to a failing grade in the course. Any act of plagiarism is a serious break of academic standards and a deliberate case can lead to suspension or expulsion. Any quotation from another source, whether written or spoken, must be bound by quotation marks and footnoted. Paraphrases must be footnoted as well. Generally, cite the use of words or work by others.

Other Non-required Text Books:

1. Blanchard, Olivier. *Macroeconomics*. 4th Edition. Prentice Hall, 2005.

Course Requirements and Grading:

Class Participation:	5%
Mid-Term:	35%
Group Project:	15%
Final Exam:	40%
Assignments:	5%

Note. Class participation consists of attendance, making comments, answering questions, and or posing questions during class. I may randomly call on people. Please come to class on time for consideration of your professor and fellow students. The **Mid-Term** will cover all material covered up to that point in the semester. The **Group Project** will consist of a writing and computational project on some current event that will be specified at a later date to illustrate the understanding of concepts in the course. The number of people in the group will be specified at a later date. The **Final Exam** will be cumulative based upon material covered during the entire course. **Assignments** will be given so that students can practice answering questions over the material studied and will be used primarily to determine border-line cases. Students are strongly encouraged to do problem sets. Students are encouraged to pay attention to **financial news** as some questions may be linked to current financial market events.

Organization and Course Outline¹²

Session 1: September 5, 2007

1. Intro to course
2. What is Economics
Reading: Chapters 1. B&B.
3. The Economy: Myth and Reality
Reading: Chapters 2. B&B.

Session 2: September 10, 2007

4. Scarcity and Choice
Reading: Chapters 3. B&B.

Session 3: September 12, 2007

5. Supply & Demand
Reading: Chapters 4. B&B.

Session 4: September 17, 2007

6. An Introduction to Macroeconomics
Reading: Chapters 5. B&B.

¹ In all cases, dates are the most probable, but again this could change as the semester evolves.

² We will miss class on the following days: September 3, 2007 (labor day), October 22, 2007 (Fall Recession), and October 31, 2007 (Halloween).

Session 5: September 19, 2007

7. The Goals of Macroeconomic Policy
Reading: Chapter 6, B&B.

Session 6: September 24, 2007

8. Economic Growth
Reading: Chapter 7, B&B.

Session 7: September 26, 2007

9. Aggregate Demand
Reading: Chapter 8, Hull.

Session 8: October 1, 2007

10. Aggregate Demand Equilibrium
Reading: Chapter 9, B&B.

Session 9: October 3, 2007

11. Aggregate Demand Equilibrium
Reading: Chapter 9, B&B.

**** October 8: Columbus Day – Special Class ****

Session 10: October 10, 2007

12. Aggregate Supply
Reading: Chapter 10, B&B.

Session 11: October 15, 2007

- 13. Fiscal Policy
Reading: Chapter 11, B&B
- 14. Review for Mid-Term

Session 12: October 17, 2007

- 15. Mid-Term Examination

**** October 22: Fall Recession – No Class ****

Session 13: October 24, 2007

- 16. Money, Money, Money
Reading: Chapter 12, B&B.

Session 14: October 29, 2007

- 17. Monetary Policy
Reading: Chapter 13, B&B.

**** October 31: Halloween – No Class ****

Session 15: November 5, 2007

- 18. Monetary Policy
Reading: Chapter 13, B&B.

Session 16: November 7, 2007

- 19. Monetary or Fiscal Policy?
Reading: Chapter 14, B&B.

**** November 12: Veteran's Day – Special Class ****

Session 17: November 14, 2007

- 20. Budget Deficits
Reading: Chapter 15, B&B.

Session 18: November 19, 2007

- 21. Inflation and Unemployment
Reading: Chapter 16, B&B.

Session 19: November 21, 2007

- 22. Open Economy Macroeconomics: International Trade
Reading: Chapter 17, B&B.

Session 20: November 26, 2007

- 23. Open Economy Macroeconomics: International Trade
Reading: Chapter 17, B&B.

Session 21: November 28, 2007

- 24. Open Economy Macroeconomics: The International Monetary System
Reading: Chapter 18, B&B.

Session 22: December 3, 2007

- 25. Open Economy Macroeconomics: The International Monetary System
Reading: Chapter 18, B&B.

Session 23: December 5, 2007

- 26. Exchange Rates and the Macroeconomy
Reading: Chapter 19, B&B.

Session 24: December 10, 2007

27. Exchange Rates and the Macroeconomy
Reading: Chapter 19, B&B.

Session 25: December 12, 2007

28. Words of Wisdom for Life
29. Review for Final Exam

Session 26: December 21, 2007

30. Final Exam. 2 – 4 P.M.

Guest Speakers³

I. Guest Speaker I: TBA

We may have a guest speaker come to speak on some feature of the macroeconomy.

³ None of the guest speakers are confirmed.