

**ECON 100.005H**  
**Principles of Macroeconomics**  
**American University, Fall 2009**

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<b>Instructor:</b> Maria Heracleous	<b>Lectures:</b> TF 2:10 - 3:25 p.m. ASB 226
<b>Office:</b> 221 Roper	<b>Phone:</b> 202-885-3758
<b>Office Hours:</b> F: 3:30-5:30 p.m. T: 3:30-4:30 p.m. and by appt.	<b>Email:</b> heracleo@american.edu
	<b>Course webpage:</b> AU "Blackboard"

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**Description of the course**

This course is an introduction to Macroeconomics. The focus will be on understanding how entire economies behave. During the course you will learn to:

Understand Basic Economic Concepts. These include the laws of supply and demand; the nature of the markets and market equilibria; Economic growth; the fundamentals of international trade; the causes and effects of trade and budget deficits; and how the government can affect the economy by spending, taxing and adjusting the money supply.

Understand How To Use Economic Models. Economics is an analytical subject. You will learn to use inductive reasoning and other scientific methodology necessary to understand this and other (social) sciences. In short, you will learn to think like an economist.

Understand The News. Much of what happens in the world involves economics. This course will enable you to intelligently assess international economic events, including balanced budget legislation, international free trade agreements, and domestic policies designed to affect economic output, inflation and unemployment. We will discuss current event such as the actions taken by the Federal Reserve, the potential effects of current fiscal legislation, and the problems and solutions associated with the credit crunch and the recent financial crisis.

**Required Text**

The required text for this course is *Principles of Macroeconomics* by Case and Fair, Oster , 9<sup>th</sup> edition. **Prentice Hall Website:** <http://www.prenhall.com/casefair>

**Exams, Grades and attendance**

There will be four homework sets and four exams. The lowest exam grade will be dropped and the remaining three grades will each worth 25%. The homework assignments will be designed to help you prepare for the exams. Exams and homeworks will count towards your grade as follows:

Class Participation	5%
Homeworks	20%
Exams (Best 3)	75%

Exams will be mainly multiple choice with some short questions. Problem solving skills will be required. You will need to be able to **use** the models and tools not just memorize them. Exams may include material from reading assignments, lectures and internet assignments.

**Extra Credit Policy:**

Presentations on the book *Freakonomics*, by Steven Levitt and Stephen Dubner

**Regular attendance is strongly encouraged.** Consistent class attendance and participation will greatly increase your chances for success, as well as lightening your outside of class workload.

**DO NOT MISS TESTS!** Makeup exams will not be given. If you miss a midterm, you will receive a zero for that exam and that exam will be your lowest grade and therefore will be dropped. If you miss a second midterm, a zero will be averaged in as one of your midterm grades. In the event that this occurs, you must come and see me to discuss your situation before you can receive grade for the class. **All the exams will be administered in strict observance of the University Honor Code, without compromise or exception.**

**Internet**

The class webpage will be used to post announcements, assignments, homework problems, exam results and other class related items. You are responsible for checking it on a regular basis, and completing any assignments posted there. In addition, the Prentice Hall publishing company provides a website, which accompanies your textbook. There you will find practice quizzes to test your understanding of the course material. Links to pertinent websites may also be provided on the course webpage. If this is the case, you are responsible for accessing those links, and being familiar with the content of that website plus any discussion we may have in class. These will be designed to be interesting and fun.

**Email**

You are encouraged to email me about any arrangements or special needs you might have. To ensure that I respond promptly, you must put "Econ100" (without the quotes) in the subject box. You may include any further information to indicate the nature of the email, but you must put Econ100 somewhere in the subject. I will try to respond as soon as possible.

**General Education Information**

Principles of Macroeconomics, (Econ-100) is a foundation course in Curricular Area 4 (Social Institutions and Behavior) of the University's General Education Program. It is the first of a two-course sequence. Second-level courses include Poverty and Culture (AMST-240G), Principles of Microeconomics (ECON 200G), Schools and Society (EDU-200G), Personal Finance and Financial Institutions (FIN-200G), Political Power and American Public Policy (GOVT-210G), Ethics in the Professions (PHIL-240G), Inequality: Class, Race Ethnicity (SOCY-210G) and Gender Politics and Power (WGST-225G).

## **Statement on Academic Integrity**

"Standards of academic conduct are set forth in the University's Academic Integrity Code. By registering, you have acknowledged your awareness of the Academic Integrity Code, and you are obliged to become familiar with your rights and responsibilities as defined by the Code. Violations of the Academic Integrity Code will not be treated lightly, and disciplinary actions will be taken should such violations occur. Please see me if you have any questions about the academic violations described in the Code in general or as they relate to particular requirements for this course."

## **Emergency Preparedness**

In the event of a declared pandemic (influenza or other communicable disease), American University will implement a plan for meeting the needs of all members of the university community. Should the university be required to close for a period of time, we are committed to ensuring that all aspects of our educational programs will be delivered to our students. These may include altering and extending the duration of the traditional term schedule to complete essential instruction in the traditional format and/or use of distance instructional methods. Specific strategies will vary from class to class, depending on the format of the course and the timing of the emergency. Faculty will communicate class-specific information to students via AU e-mail and Blackboard, while students must inform their faculty immediately of any absence due to illness. Students are responsible for checking their AU e-mail regularly and keeping themselves informed of emergencies. In the event of a declared pandemic or other emergency, students should refer to the AU Web site ([www.prepared.american.edu](http://www.prepared.american.edu)) and the AU information line at (202) 885-1100 for general university-wide information, as well as contact their faculty and/or respective dean's office for course and school/ college-specific information.

# Tentative Course Outline

## Introduction

- Chapter 1: The Scope and Method in Economics  
Chapter 2: The Economic Problem: Scarcity and Choice

## Demand and Supply

- Chapter 3: Demand Supply and Market Equilibrium  
Chapter 4: The Price System and Demand and Supply

## Introduction to Macroeconomics

- Chapter 5: Introduction to Macroeconomics

**Exam 1      Friday      September 18**

- Chapter 6: Measuring National Output and National Income  
Chapter 7: Long run and Short run concepts: Growth, Productivity, Unemployment, Inflation

## The Government and Fiscal Policy

- Chapter 8: Aggregate Expenditure and Equilibrium Output  
Chapter 9: The Government and Fiscal Policy

**Exam 2      Tuesday      October 13**

## The Money Market , the Federal Reserve and Monetary Policy

- Chapter 10: The Money Supply and the Federal Reserve  
Chapter 11: Money Demand, the Equilibrium Interest Rate and Monetary Policy  
Chapter 12: Money, the Interest Rate and Output: Analysis and Policy +Appendix

**Exam 3      Tuesday      November 10**

## Macroeconomic Analysis and Issues

- Chapter 13: Aggregate Demand, Supply and Inflation  
Chapter 15: Macroeconomic Issues and Policy  
Chapter 20: International Trade, Comparative Advantage and Protectionism  
Chapter 21: Open Economy Macroeconomics: The Balance of Payments and Exchange Rates

**Exam 4      Tuesday                  December 8**

### Homework due dates and Exam dates:

**Homework 1:                  Tuesday                  September 15**

**Exam 1:                          Friday                          September 18**

**Homework 2:                  Friday                          October 9**

**Exam 2:                          Tuesday                          October 13**

**Homework 3:                  Friday                          November 6**

**Exam 3:                          Tuesday                          November 10**

**Homework 4:                  Friday                          December 4**

**Exam 4:                          Tuesday                          December 8**

Note: Homework assignments are due at the beginning of class

**This outline represents a basic course plan that is subject to change. You are responsible for any changes which are announced in class or posted on the website.**