

Chaminade University
Honolulu, Hawaii 96816

Syllabus for: EC 20102 MWF 1-1:50
Princ of Macroeconomics H-102
Instructor: Dr. Klauser
Office Hours: Daily. Office is
located in Kieffer Hall.

COURSE TITLE: Principles of Macro Economics.

TEXT: Stephen Slavin, Macroeconomics. 1996, 4th ed.

Supplementary Readings:

Brue & Wentworth, Economic Scenes: Theory in Today's World, 5th ed
(On reserve in the Sullivan Library).

I. COURSE DESCRIPTION. This course analyzes the structure and operation of the American economy as a whole. Specific topics analyzed include the determination of the level of aggregate output, employment and prices; business cycles; the monetary and fiscal system; effects of monetary and fiscal policies on economic stability and growth; and international finance and the macro economy.

II. COURSE OBJECTIVES: Unemployment, inflation, recession, interest rates, deficits, and so on, are recurring headlines in our daily newspapers and magazines. This introductory economics course is designed to provide the foundation of economic knowledge that every person should have to understand the economic issues that confront us in our daily lives. Specifically, the objectives are:

1. To introduce the student to the nature of economic problems and goals.

2. To familiarize the student with economic concepts and analysis required to deal with economic issues.

3. To familiarize the student with economic philosophies and theories that shape our economic thinking.

4. To introduce the student to major economic institutions and to examine how these institutions affect our economy.

5. To analyze policy options to achieve our macro-economic goals of economic stability and to discuss whether these policies achieve our economic goals.



Chaminade University

O F N O N O L U L U

1997-98

General Catalog

Vol. 42

Attendance

Students are expected to attend regularly all courses **for** which they are registered. They should notify their instructors when illness prevents them from attending class and make arrangements to complete missed assignments. When illness or personal reasons necessitate continued absence, the student should withdraw **officially** from all affected courses. Anyone who stops attending a course without **official** withdrawal may receive a failing grade.

Three or more unexcused absences may lead to a **grade** reduction for the course.
Long-term unexcused absence may lead to loss of financial aid. Any absence of two weeks or more must be reported to the Dean of Arts and Sciences and the Registrar by the instructor. Federal regulations require continued attendance for continuing payment of financial aid. If attendance is not continuous, **financial** aid may be terminated.

Grades

Letter grades are given in all courses except those taken on a **credit/no credit** basis. Grades are **calculated** from the student's daily **work, class** participation, **quizzes, tests**, term papers, reports, and the final **examination**. They are interpreted as follows,

- A Outstanding *scholarship* and an unusual degree of intellectual initiative.
- B Superior work done in a consistent and intellectual **manner**.
- C Average grade indicating a competent grasp of subject matter.
- D Inferior work of the lowest passing grade, is not **satisfactory** for **fulfillment** of prerequisite **coursework**.
- F Failed to grasp even the minimum subject matter; no credit given.
- FA Failure due to **absence**.
- P Satisfactory completion of **course**.
- W Withdrawal before **published** deadline.

III. MAJOR ASSIGNMENTS: 1. The Department of Economics requires punctual and regular class attendance from all students enrolled in economics courses. If illness or personal emergency prevent class attendance, please let the Instructor know.

2. Students are expected to study the assigned readings as indicated on this syllabus. In addition to the assigned readings, the student should also read economic articles that appear in daily newspapers and weekly news magazines.

3. Students are expected to do the Homework Writing Assignments and to take the tests and examinations as scheduled. No make-ups will be given unless prior approval is obtained from the instructor.

Written homework assignments must be typed or printed and turned in on the due-date. A penalty will be assigned for lateness.

The purpose of the homework writing assignments is to encourage you to practice and improve your writing skills, to **express your thoughts in writing in a clear and** concise manner, to develop your analytical ability, and to apply economic concepts to real world issues and problems.

Writing is not an easy task. It takes time and effort and lots of practice. It is only through rewriting that your essays will attain the polish we expect from economics students.

IV. GRADING POLICY: The grading policy of Chaminade University as listed in the General Catalog will be followed:

Grades will be based on the following:

1st Test	100 Points
2nd Test	100 Points
Final Examination	100 Points
15 Written Homework Assignments	100 Points
points each)	

TOTAL	400 Points*

* 5 Points will be subtracted for each unexcused class absence, or lateness.

Students are encouraged to meet with the Instructor in his office to discuss problems they may have with their studies. The Instructor is available daily. His office is located in Kieffer Hall. Office telephone extension is 611. (Phone: 739-4611).

1998

I. FUNDAMENTAL CONCEPTS

Aug 31 Introduction to--the course: Review of syllabus; course objectives; course requirements; tests; attendance policy; writing requirements; grading policy.

Introduction to Economics! What does **Economics** deal with? Why do we have an economic problem? First Law of Economics: THE LAW OF-SCARCITY.

Assignments: Slavin Introduction page 1 and Slavin Chapter 1, **pp.3-20.**

Brue & Wentworth, Chapter 1. (On Reserve in the Sullivan Library).

The purpose of Slavin Chapter 1 is to provide a brief economic history of the United States. Since this course deals with our macroeconomy, a brief introduction to our economic history serves as a useful background. The student is urged to read Slavin Chapter 1 for background *information* and not worry about the details.

The other chapters of the text must be studied carefully. For chapter 1, to get a basic idea of our economic, history is more important than the details.

Sep 2 What three economic problems does every society face?

Assignments: Slavin **Ch.2 pp.25-37.**

Brue and Wentworth, Ch 2. (On Reserve in the Library).

Do Writing Assignment # 1. Due Sep 4, 1998

Sep 4 How do the three economic problems get resolved in a
Sep 9 market capitalistic economic system?

Assignments: Slavin, **Ch.4 pp.59-76;** & Brue & Wentworth Ch. 3 (On Reserve in the Library).

Do Writing Assignment # 2. Due Sep 11, 1998

Sep 11 How do prices in a market economic system come about?

Sep 14 What is the Law of Supply and Demand?

Sep 16

Assignments: Slavin, **Ch.3 pp.49-55.**

Brue & Wentworth Chapter 4.

Do Writing **Assignment** 3. Due Sep 16, 1998

MACRO-ECONOMY

Sep 18 The Consumer Sector.

Assignments: Slavin Ch. 5 pp.81-102.

Sep 21 **The** Business-Investment Sector.

Assignments: Slavin Ch. 6 pp.103-120.

Sep 23 The Government Sector: Government Spending and

Sep 25 Taxation.

Sep 28

Assignments: Slavin Ch.7 pp.125-148; and Slavin pp.246-252 (Part III-The Deficit Dilemma); and Slavin pp.260-267 (Part VI and VII--Balanced Budget and Public Debt).

Brue and Wentworth, Chapter 12.

Do Writing Assignment # 4. Due Sep 30, 1998

Sep 30 **The** International Trade Sector: Exports - Imports.

Assignments: Will be assigned in class.

Oct 2 FIRST TEST

III. MACRO-ECONOMIC DATA

How do we measure our macro-economic performance? What are the major macro-economic data?

Oct 5 How do we measure our output of final goods and services: GDP (Gross Domestic Product). (The old concept was GNP).

Assignments: Slavin Ch. 8 pp.153-177.

Do Writing Assignment # 5. Due Oct 9, 1998

Oct 7 How do we measure what is happening to average prices?

Oct 9 The various price indexes: CPI; PPI; GDP Deflator or
Implicit Price Index.

Current \$ GDP vs. Real \$ GDP.

Assignments: Do Writing Assignment # 6. Due Oct 9, 1998

Oct 14 Business Cycles: Economic Growth; Economic Recession.
Why do we have business cycles? Can we forecast
business cycles?

Assignments: Slavin **Ch.9, pp.183-190.**

Do **Writing Assignment # 7.** Due Oct 16, 1998

Oct 16 Our macro-economic goals are: Full employment; stable

Oct 19 prices; economic growth. Why are these our macro-

Oct 21 economic goals? Are we currently achieving these macro-
economic goals? What are the issues with unemployment
and inflation?

Assignments: Slavin Ch. 9, pp.190-208.

IV. MACRO-ECONOMICS POLICY APPROACHES

How can we achieve our **macro-economics** goals of full employment, stable prices, and economic growth? Can the government contribute to an improved performance? How? What policy approaches are available? What are the limitations of government management of the Macro-economy?

Oct 23 The Classical Approach (Laissez faire approach).

Assignments: Slavin Ch. 10, pp.213-226.

Do Writing Assignment-110. Due Waived

Oct 26 The (old) Keynesian approach (Fiscal policy approach).
Oct 28

Assignments: Slavin, pp.226-232, and Ch. 11 pp.237-245.

Brue and Wentworth **Ch.15** and Chapter 16.

Do Writing Assignment 4 11. Due Oct 30, 1998

Oct 30 Can we achieve economic stability *through fiscal policy*?
What are the limitations of using fiscal policies to fine-tune our macro-economy?

Do Writing Assignment # 12. Due NOV 2, 1998

Nov 2 SECOND TEST

In addition to fiscal **policy**, another tool available to the government (*i.e.* the Federal Reserve System) to manage our **macro-economy**.
is monet ry lcy

Nov 4 **What** is money? The nature and functions of money.

Assignments: Slavin Ch. 12, 279-284

Nov 6 **Money and the Economy:**

Nov 9 The Equation of Exchange.

Nov 13 The various views on monetary policy: The classical
Nov 16 new classical view (a.k.a. the rational expectation
view).

Assignments: Slavin Chapter 12, pp.284-293; and Slavin, Ch. 14 pp.335-348. (Appendix pp. 353-363 Optional).

Do Writing Assignment # 13. Due Nov 16, 1998

Nov 18 The U.S. Banking System and the Federal Reserve System

 Assignments: Slavin Ch.12 pp.294-306, and Ch.13 pp.313-316.

Do Writing Assignment # 14. Due Nov 20, 1998

Nov 20 Creation of Money and the Tools of the FRS to manage our
Nov 23 money supply.

Assignments: Slavin Ch. 13 pp.316-330.

 Brue and Wentworth, Chapter 18.

Nov 25 Supply side economics.

Assignments: Slavin Ch. 14, pp.342-345; and Slavin
 Ch. 16 pp.377-396.

Nov 30 Radical Approaches: Industrial policy; Incomes policy.

Assignments: Slavin Ch. 15 pp.369-374 plus the handouts
 that will be given out in class.

Dec 2 Different economic systems: Russia in transition.

Assignments: Slavin pp.71-76 and handouts that will be
 given out in class.

V. INTERNATIONAL FINANCE

Dec 4 Exchange rate determination.
to Exports and imports and the US macro-economy.

Dec 11 Assignments: Slavin Ch. 19 pp.467-482.

 Brue & Wentworth Ch. 22 and the handouts that will be
 given out in class.

Do Writing Assignment # 15. Due Will be done in class.

Tuesday - **FINAL EXAMINATION.** Students are expected to take- the
Dec 15 final **examination** as scheduled by the Registrar. No
10:30 to 12:30 requests for early examination, please.