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Chaminade University
Honolulu, Hawaii 96816

Syllabus for: **BU24101** MWF 11-11:50
Principles of Macroeconomics
Instructor: Dr. Klauser
Office Hours: **MWF** 9-10 am or by
Appointment. Office is in **Kieffer** Hall

COURSE TITLE: Principles of Macro Economics.

TEXT: Stephen Slavin, Macroeconomics, 1999, 5th ed.

Supplementary Reading:

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.

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O F H O N O L U L U

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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 Records Office 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, not satisfactory for **fulfillment** of prerequisite course work:
- 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.
- I Did not complete a small portion of the work or **final** examination due to circumstances beyond the student's control.
- IP In Progress; primarily used for thesis completion.
- AU Audit.
- CR/NC Credit/no credit.

The issuance of an "I" grade is not automatic. Prior to reporting of grades a contract must be made between the student and the instructor for the completion of the course. Sufficient time should be allowed to permit completion of the work, evaluation, and reporting of the final grade within 90 days after the end of the semester or term. This limit may not be extended. If a new grade for the course is not submitted by the instructor prior to the deadline, the alternate grade indicated in the contract will be recorded.

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

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).

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I* FUNDAMENTAL CONCEPTS

Aug 30

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 I and Slavin Chapter 1.

The purpose of Slavin Chapter I 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 I for background information and not worry about the details.

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

Sep 1

What three economic problems does every society face?

Assignments: Slavin Chapter 2. Brue & Wentworth **Ch.2.** (On Reserve in the Library).

Do **Writing Assignment #1.**

Sep 8
Sep 10

What are the **different** economic systems by which the three economic problems can be resolved?

Assignments: Slavin Chapter 4. Brue & Wentworth **Ch3.**(On Reserve in the Library).

Do **Writing Assignment #2.**

Sep 13
Sep 15
Sep 17

How do prices in a market economic system come about? What is the Law of Supply and Demand?

Assignments: Slavin **Ch.3.** Brue & Wentworth **Ch.4** (On [Reserve.in](#) the Library).

Do Writing **Assignment #3.**

II. THE MAJOR SECTORS OF OUR MACRO-ECONOMY

Sep 20

The Consumer Sector. Assignments: Slavin Chapter 5.

Sep 22

The Business-Investment Sector. Assignments: Slavin Chapter 6.

sep 24
sep 27
sep 29

The Government Sector. Assignments: Slavin Ch. 7 pp 2 -148. Slavin **pp.254-266** (part V, VI, VII). Do **Writing Assignment #4.**

Oct 1

The International Trade Sector: Exports - Imports.

Assignments: Will be assigned in class.

Oct 4

First Test

III. MACRO-ECONOMIC DATA

*How **do** we **measure** our **macro-economic** performance?*

*What are the major **macro-economic data** ?*

Oct 6 How do we measure the dollar value of our output of final goods and services: GDP Gross Domestic Product. (The old concept was GNP).

Assignments: Slavin Chapter 8.

Do **Writing** Assignment #5

Oct 8 How do we measure what is happening to average prices? The various price indexes:
Oct 13 P1 (Consumer Price Index); **PPI** Producer Price Index; **Implicit Price Index or GDP Deflator.** Current \$ GDP vs. Real \$ GDP.

Assignments: Do Writing **Assignment** #6

Oct 15 Business Cycles: Economic Growth; Economic Recession. Why do we have business cycles? Can we forecast business cycles?

Assignments: Slavin Chapter 9.

Do Writing Assignment #7.

Oct 18 Our macro-economic goals are Economic Stability by which we mean full employment,
Oct-20 price stability, economic growth. Why are these our macro-economic goals? What are
pct 22 the issues with unemployment and inflation?

Assignments: Do Writing Assignment #8 and #9.

IV. MACRO-ECONOMICS POLICY **APPROACHES**

*How can we achieve our **macro-economics goals** of full employment, stable prices, curd 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 **mcroeconomy**?*

Oct 25 The Classical Approach (Laissez faire approach).

Assignments: Slavin Chapter 10 **pp.215-228.**

Oct 27 The Keynesian approach (Fiscal policy approach).

Oct 29 Assignments: Slavin pp.228-234; Ch.11 pp.239-247. Brue & Wentworth Ch.15 & 16.

Do **Writin** Assignment #11.

Nov 1 Can we achieve economic stability through fiscal policy? What are the **limitations** of using fiscal policies to fine-tune our macro-economy?

Assignments: Do Writina **Assignment** #12.

Nov 3 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 monetary policy.*

Nov 5	What is money? The nature and function of money. <u>Assignments:</u> Slavin Ch. 12 pp.279-285.
Nov 8	The U.S. Banking System and the Federal Reserve System <u>Assignments:</u> Slavin Ch. 12 pp.291-303 ; and Ch. 13 pp.309-314. <u>Do Writing Assignment #13.</u>
Nov 10 Nov 12	The Creation of Money and the Tools of the FRS to manage our money supply. <u>Assignments:</u> Slavin Ch. 13 pp.314-327. Brue and Wentworth Ch. 18.
Nov 15	Money and the Economy: The Equation of Exchange.
Nov 17 Nov 19	The various views on monetary policy: The classical view; the neo-Keynesian view; the monetarists view, the new classical view (a.k.a. the rational expectation view). <u>Assignments:</u> Slavin Ch. 14 pp.333-342 and pp.346-349. <u>Do Writing Assignment #13.</u>
Nov 22	Supply-Side Economics <u>Assignments:</u> Slavin Ch. 14 pp.343-349 ; and Slavin Ch. 16 pp.379-396.
Nov 24	Radical Approaches: Industrial policy; Incomes policy. <u>Assignments:</u> Slavin Ch. 15 pp.373-375.
Nov 29	Summary of Policy Alternatives <u>Assignments:</u> Will be assigned in class.

V. INTERNATIONAL FINANCE

Dec 1 to Dec 10	Exchange rate determination, and how exchange rates affect exports, imports, and the macro-economy. <u>Assignments:</u> Slavin Ch. 19 pp. 469-486. <u>Writing Assignment #15.</u> Will be done in class.
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Wed Dec 15 **FINAL EXAMINATION**

10.30-12.30