

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 Kiesser Hall

F0'00

PM

COURSE TITLE: Principles of Macro Economics.

TEXT: Stephen Slavin, Macroeconomics, 1999, 5th 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

OF THE SACRAMENT

1998-99
General Catalog
Vol. 43

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.

Grade:

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.
- AV 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. Punctual and regular class attendance is expected from all students. 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, students should also read economic articles that appear in daily newspapers and weekly news magazines.

3. Students are expected to take the tests and examinations as scheduled. No make-ups will **be given unless** ~~for~~ approval is obtained from the Instructor.

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:

1 st Test	100 Points
2nd Test	100 Points
Final Examination	150 Points

TOTAL:	350 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 **MWF** 9-10 am or by appointment. **His** office is located in Kieffer **Hall**. Office telephone is: 739-4611 (or extension 611).

1. FUNDAMENTAL CONCEPTS

Aug 28 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 I.

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.

Aug 30 What three economic problems does every society face?
Assignments: Slavin Chapter 2. Brut & Wentworth **Ch.2**. (On Reserve in the Library).

Sep. 6 What are the **different** economic systems by **which** the three economic **problems can** be
Sep. 8 resolved?

Assignments: Slavin **Chapter 2**. Brut & Wentworth **Ch.3**. (On Reserve in the Library).

Sep 11 Now do prices in a market economic system come about? What is the Law of Supply and
Sep 13 Demand?

Sep 15 **Assignments:** Slavin **Ch.3**. Brut & Wentworth **Ch.4** (On [Reserve in the Library](#)).

II. THE MAJOR SECTORS OF OUR MACRO-ECONOMY

Sep 18 The Consumer Sector. **Assignments:** Slavin Chapter 5.

Sep 20 The Business-Investment Sector. **Assignments:** Slavin Chapter 6.

Sep 22 The Government Sector. **Assignments:** Slavin Ch. 7 pp.125-148: Slavin pp.254-266
25 (part V, VI, VII).
27

Sep 29 The International Trade Sector: Exports - Imports.
Assignments: Will be assigned in class.

Oct 2 **Fiat Test**

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

Oct 4 **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.

Oct 6 **How do we measure what is happening to average prices? The various price indexes:**
 Oct 11 **P1 (Consumer Price Index); PPI Producer Price Index); Implicit Price Index or GDP Deflator. Current \$ GDP vs. Real \$ GDP.**

Assignments: Do Writing Assignment

Oct 13 **Business Cycles: Economic Growth; Economic Recession. Why do we have business cycles? Can we forecast business cycles?**
Assignments: Slavin Chapter 9.

Oct 16 **Our macro-economic goals are Economic Stability by which we mean full employment,**
 Oct 18 **price stability, economic growth. Why are these our macro-economic goals? What are the issues with unemployment and inflation?**

S POLICY APPROACH

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 microeconomy?

Oct 20 **The Classical Approach (Laissez faire approach).**
Assignments: Slavin Chapter 10 pp.215-228.

Oct 23 **The Keynesian approach (Fiscal policy approach).**
 25 **Assignments:** Slavin pp.228-234; Ch.11 pp.239-247. Brue & Wentworth Ch.15 & 16.

Oct 27 **Can we achieve economic stability through monetary policy? What are the limitations of Using fiscal policies to fine-tune our macro-economy?**

Oct 30 **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 1 What is money? The nature and function of money.

Assignments: **Slavin** Ch. 12 pp. **279-285**.

Nov 3 The U.S. **Banking** System and the Federal Reserve System

Assignments: **Stavin** Ch. 12 pp. **291-303**; and Ch. 13 pp. **309-314**.

Nov 6 The Creation of Money and the Tools of the FRS to manage our money supply.

8 Assignments: **Slavin** Ch. 13 pp. **314-327**. **Brue** and Wentworth Ch. 18.

Money and the Economy: The Equation of Exchange.

Nov 13 The **various** views on monetary policy: The classical view; the **neo-Keynesian**
15 view; the monetarists view, the new classical view (a.k.a. the rational expectation
view).

Assignments: **Slavin** Ch. 14 pp. **333-342** and pp. **346-349**.

Nov 17 Supply-Side Economics

Assignments: **Slavin** Ch. 14 pp. 343-349; and **Stavin** Ch. 16 pp. 379-396.

Nov 20 Radical Approaches: Industrial policy; Incomes policy.

Assignments: **Slavin** Ch. 15 pp. **373-375**.

Nov 22 **Summary** of Policy Alternatives

Assignments: Will be assigned in class.

V. **INTERNATIONAL** FINANCE

Nov 27 *Exchange* rate determination, and how exchange rates affect exports, **imports**, and
to themacro-economy. WTO; **IMF/World** Bank; EU; EURO

Dec 8 Assignments: **Slavin** Ch. 19 pp. 469-486.

Wed Dec 13 **FINAL EXAMINATION**

10 : 30 ~~to 12:30~~-----