

Chaminade University
Honolulu, Hawaii 96816

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SD'00

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 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 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. 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** prior 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:

1st 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).

I. FUNDAMENTAL CONCEPTS

Jan 19 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.

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.

Jan 24 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.

Jan 26 What are the **different** economic systems by which the three **economic** problems can be
Jan 28 resolved?

Assignments: Slavin Chapter 4. Brue & Wentworth Ch1 (On Reserve in the Library).

Do Writing Assignment #2.

Jan 31 How do prices in a market **economic** system come about? What is the Law of Supply and
Feb 2 Demand?

Feb 4 **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

Feb 7 The Consumer Sector. **Assignments:** Slavin Chapter 5.

Feb 9 The Business-Investment Sector. **Assignments:** Slavin Chapter 6.

Feb 11 The Government Sector. **Assignments:** Slavin Ch. 7 pp.125-148; Slavin **pp.254-266**
14 (Part V, VI, VII). **Do Writing Assignment #4.**
16

Feb 18 The International Trade Sector: Exports - Imports.

Assignments: Will be assigned in class.

Feb 23 **Final Test**

III. MACRO-ECONOMIC DATA

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

Feb 25 1 -low 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 #8**.

Feb 28 Flow do we measure what is happening to average prices? The various price indexes:
Mar 1 **CPI** (Consumer Price Index); **PPI** Producer Price Index); **Implicit Price Index or**
GDP Deflator. Current \$ GDP vs. Real \$ GDP.

Assignments: Do Writing **Assignment #9**.

Mar 3 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**.

Mar Our macro-economic goals are **Economic** Stability by which we mean full employment,
Mar 8 price stability, **economic** growth. Why are these our macro-economic goals? What are
Mar 10 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, and economic growth? Can the
government contribute to all improved performance? How?
What policy approaches are available? What are the
limitations of government's management of the microeconomy?*

Mar 13 The Classical Approach (Laissez faire approach).

Assignments: Slavin Chapter 10 pp.215-228.

Mar 15 The Keynesian approach (Fiscal policy approach).

Mar 17 Assignments: Slavin pp.228-234; Ch.11 pp.239-247. Brue & Wentworth Ch.15 & 16.

Do Writing **Assignment #11**.

Mar 20 Can we achieve economic, stability through fiscal policy? What are the limitations of using
fiscal policies to fine-tune our macro-economy?

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

Mar 22 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.

- Mar 24 What is money? The nature and function of money.
Assignments: Slavin Ch. 12 pp.279-285.
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- Apr 3 The U.S. Banking System and the Federal Reserve System
Assignments: Slavin Ch. 12 pp.291-303; and Ch. 13 pp.309-314.
Do Writing Assignment #13.
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- Apr 5 The Creation of Money and the Tools of the FRS to manage our money supply.
Apr 7 Assignments: Slavin Ch. 13 pp.314-327. Brue and Wentworth Ch. 18.
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- Apr 10 Money and the Economy: The Equation of Exchange.
- Apr 12 The various views on monetary policy: The classical view; the neo-Keynesian
Apr 14 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.
Do Writing Assignment #13.
- Apr 17 Supply-Side Economics
Assignments: Slavin Ch. 14 pp.343-349; and Slavin Ch. 16 pp.379-396.
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- Apr 19 Radical Approaches: Industrial policy; Incomes policy.
Assignments: Slavin Ch. 15 pp.373-375.
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- Apr 24 Summary of **Policy Alternatives**
Assignments: Will be assigned in class.
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V. INTERNATIONAL FINANCE

- Apr 26 Exchange rate determination, and how exchange rates affect exports, imports, and
Apr 28 the macro-economy.
May 1 Assignments: Slavin Ch. 19 pp. 469-486.
May 3 Writing Assignment #15. Will be done in class.
May 5

Wed may 1 **FINAL EXAMINATION**

10:30 to 12:30
