

Chaminade University  
Honolulu, Hawaii 96816

BU24102     Fall 2001  
Principles of Macroeconomics

**INSTRUCTOR:** Barbara P. Street, M.D.  
Office Hours: MWF 1:00-2:00, Tr 11:30 - 12:30 pm or by appointment  
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**COURSE TITLE:** Principles of Macroeconomics

**TEXT:** Case and Fair, Principles of Macroeconomics . 2001, 6th ed

**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.

**COURSE GOALS:** Unemployment, inflation, recession, interest rates, deficits, 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.

**COURSE OBJECTIVES:** By the end of the semester, the student will be able to:

1. Understand current media articles about the state of the general economy.
2. Discuss the causes of such events as unemployment, inflation, recession and stagflation.
3. Discuss the various policy choices available to stabilize the economy.
4. Discuss the implications of a changing value of a currency.
5. Discuss the different assumptions (and views about the economy) held by the different groups of economic theorists and explain how their policy suggestions reflects their views.

### III. MAJOR ASSIGNMENTS:

1. Prompt and regular attendance is expected of all students. For each absence above 3, 5 points will be deducted from those 50 points allotted to attendance / participation.
2. Students are expected to keep up with the reading assignments as listed on the syllabus.
3. Students are expected to turn in written homework assignments when due. Late work may NOT be accepted, and will be assessed a penalty of 1 point per day late when it is accepted. After homework assignments have been graded, the correct answers will be available on the Chaminade Intranet. Once the answers have been posted, work will not be accepted for credit.
4. Students are expected to read economic articles in current news media to stay abreast of economic developments and to prepare summaries of 5 of these articles over the course of the semester. Please note that ALL written assignments must meet the standards presented in EN 101 and 102 courses. Grammar, spelling and punctuation DO count! Be sure to include the title, author, source, and date of the article in your report. Articles will be collected on Mondays. No more than one article may be turned in at a time.
5. Students will keep a log of economic data. They will update the data every two weeks, and bring the log with them to each exam, as they will refer to their log as they write an essay question on the exam. Logs will be turned in for grading with the final exam.
6. Students are expected to take exams as scheduled. NO make-ups will be given unless the student has notified the instructor BEFORE the test is administered that he/she will be unable to take the exam with the class.

### GRADING POLICY:

Course grades will be based on the following:

1st midterm	100 points	A! 562-625 points
2nd midterm	100 points	B: 500-561 points
3rd midterm	100 points	C: 438-499 points
homework	100 points	D: 375-447 points
article summaries	50 points	F: below 375 points
attendance/participation	50 points	
log	50 points	
FINAL EXAM	100 points	
TOTAL	625 points	

# ***COURSE OUTLINE***

## ***INTRODUCTION: What is economics? What forces shape a capitalistic economy?***

- Aug 27*** Introduction to course. What is economics?  
*Reading Assignment: text, chap. 1*
- Aug 2*** Choices in Using Scarce Resources  
*Reading Assignment: text, chap 2 to p. 36*
- Aug 31*** Spiritual and Academic Convocation-no class
- Sept 5*** The Realities of Production Possibilities
- Sept 7*** **Types of Economic Systems**  
*Reading Assignment: text, chap 2 to end*  
**TO TURN IN-- HOMEWORK SET #1**
- Sept 10*** Decision Making in a Capitalistic System  
*Reading Assignment: text, chap 3 to p. 48*
- Sept 12*** Demand and Supply  
*Reading Assignment: text, chap. 3 top. 57*
- Sept 14*** Demand and Supply Continued  
*Reading Assignment: text, chap. 3 to end*
- Sept 17*** Applications in Demand and Supply  
*Reading Assignment: text, chap.*
- Sept 19*** **TO TURN IN HOMEWORK SET #2**  
Macroeconomics  
*Reading Assignment: text, chap. 5*
- Sept 21*** Measuring National Output and National Income  
*Reading Assignment: text, chap. 6 top. 116*
- Sept 24*** Measuring Output: GDP  
*Reading Assignment: text, chap. 6 to end*
- Sept 26*** **TO TURN IN : HOMEWORK SET #3**  
Business Cycles  
*Reading Assignment: text, chap. 7 top. 130*
- Sept 28*** Unemployment  
*Reading Assignment: text, chap. 7 top. 138*

Oct 1 Inflation  
*Reading Assignment: text, chap 7 to end*

Oct 3 Working with Price Indices

Oct ***TO TURN IN: HOMEWORK SET #4  
REVIEW***

Oct 10 ***MIDTERM EXAM 1***

**MACRO-ECONOMIC POLICY APPROACHES:** *How can we achieve our macro-economic goals? What is the proper role of government in achieving these goals? What tools does the government have to help in the achievement of these goals? What are the limitations of government policy?*

Oct 12 Aggregate Expenditure and Equilibrium Output  
*Reading Assignment: text, chap 8 to pg. 156*

Oct 15 Equilibrium  
*Reading Assignment: text, chap 8 to pg. 159*

Oct 17 The Multiplier  
*Reading Assignment: text, chap. 11 to pg. 256*

Oct 19 ***TO TURN IN: HOMEWORK SET 5***  
Fiscal Policy  
*Reading Assignment. text, chap. 9 top. 180*

Oct 22 The Federal Budget  
*Reading Assignment: text, chap. 9 to end*

Oct 24 Catch-up and Review

Oct 26 ***TO TURN IN, HOMEWORK SET #6  
MIDTERM EXAM 2***

**FOCUS ON MONETARY POLICY?** *What is money? What role does it play in our economy? Does the size of the money supply affect economic variables?*

Oct 29 What is money? the nature and functions of money  
*Reading Assignment: text, chap. 10 top. 197*

Oct 31 How banks create money  
*Reading Assignment: text, chap. 10 top. 203*

<i>Nov 2</i>	The Federal Reserve System <i>Reading Assignment: text, chap. 10 top. 208</i>
<i><u>Nov 5</u></i>	Tools of the Federal Reserve System <i>Reading Assignment: text, chap. 10 to end</i>
<i><u>Nov 7</u></i>	<b><i><u>TO TURN IN: HOMEWORK SET #</u></i></b> The Demand for Money <i>Reading Assignment: text, chap. 11 to pg. 227</i>
<i>Nov 9</i>	The Equilibrium Interest Rate <i>Reading Assignment: text, chap. 11 to end</i>
<i><u>Nov 14</u></i>	How the Goods Market and the Money Market Work Together <i>Reading Assignment: text, chap. 12</i>  Aggregate supply-Aggregate Demand <i>Reading Assignment: text, chap 13</i>
<i><u>Nov 19</u></i>	Macro-economic Schools of Thought <i>Reading Assignment: text, chap. 18</i>
<i><u>Nov 21</u></i>	Review and Catch-up
<i><u>Nov 26</u></i>	<b><i><u>TO TURN IN: HOMEWORK SET #R</u></i></b> <b><i>MID TERM EXAM 3</i></b>
 <b><i>REAL WORLD ECONOMICS: Does policy really work? How does the international sector impact the economy?</i></b>	
<i><u>Nov 28</u></i>	The Balance of Payments <i>Reading Assignment: text, chap 20 top. 410</i>
<i><u>Nov 3</u></i>	Equilibrium Output in an Open Economy <i>Reading Assignment: text, chap. 20 to pg. 414</i>
<i><u>Dec 3</u></i>	Exchange Rate Systems <i>Reading Assignment: text, chap 20 to end</i>
<i><u>Dec 5</u></i>	Wrap-up
<i><u>Dec 7</u></i>	REVIEW <b><i>TO TURN IN: HOMEWORK SET #9</i></b>

***FINAL EXAM. Wednesday, December 12, 10:30-12:30***