

Chaminade University  
Honolulu, Hawaii 96816

Syllabus for: **BU2414p FS Sat**  
Principles of **Macroeconomics**  
Instructor: Dr. Klauser  
Office Hours: MWF 9-10 am or by  
**Appointment**. Office is in Kieffer Hall

SF-01  
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**COURSE TITLE:** Principles of Macro Economics.

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

**Supplementa 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.

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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 aedit 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.**
- 1P 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: f. 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 Drier 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
<b>2nd Test</b> .....	100 Points
<b>Final Examination</b> .....	150 Points
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<b>TOTAL:</b> .....	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

Apr 7

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 I, to get a basic idea of our economic history is more **important** than the details.

What **three** economic problems does every society face?

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

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**).

Apr 14

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**).

## II. THE MAJOR SECTORS OF OUR MACRO-ECONOMY

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

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

Apr 21

The Government Sector. **Assignments:** Slavin Ch. 7 pp. 125-148; Slavin **pp.254-266** (Part V, VI, VII).

The International Trade Sector: Exports - Imports.

**Assignments:** Will be assigned in class.

Apr 23

**First Test**

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

Apr 2 s      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.

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

Assignments: Do **Writing Assignment**

May 5      Business Cycles: Economic Growth; Economic Recession. Why do we have business  
cycles? Can we forecast business cycles?  
Assignments: Slavin Chapter 9.

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

#### IV. MACRO-ECONOMICS POLICY APPROACHES

*How **can** we achieve our macro-economies **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**?*

May 12      The Classical Approach (Laissez faire approach).  
Assignments: Slavin Chapter 10 **pp.215-228**.  
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The Keynesian approach (Fiscal policy approach).  
Assignments: Slavin **pp.228-234**; Ch. I1 **pp.239-247**.      Brue & Wentworth **Ch.15** & 16.

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

May 19      Second Test  
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*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.*

May 19 What is money? The nature and function of money.  
Assignments: Slavin Ch. 12 pp.279-285.

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The U.S. Banking System and the Federal Reserve System  
Assignments: Slavin Ch. 12 pp.291-303; and Ch. 13 pp.309-314.

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The Creation of Money and the Tools of the **FRS** to manage our money supply.  
Assignments: Slavin Ch. 13 pp.314-327. Brue and Wentworth Ch. 18.

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May 26 Money and the Economy: The Equation of Exchange.

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

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Supply-Side Economics  
Assignments: Slavin Ch. 14 pp.343-349; and Slavin Ch. 16 pp.379-396.

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Radical Approaches: **Industrial** policy; Incomes policy.  
Assignments: Slavin Ch. 15 pp.373-375.

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Summary of Policy Alternatives  
Assignments: Will be assigned in class.

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## **V. INTERNATIONAL** FINANCE

June 2 Exchange rate determination, and how exchange rates affect exports, imports, and  
the macro-economy.  
Assignments: Slavin Ch. 19 pp. 469-486.

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June 9 FINAL **EXAMINATION**