ECON 110.03: PRINCIPLES OF MACROECONOMICS
(Fall 2012)

Class Time: MW 12:30-1:40
F 1:10-2:10

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Office Hours: MW 2:00-3:00, TTh 10:00-11:00, or by appointment. In addition, you may email me or you may call my office.

Class Purpose: The purpose of this course is to give students a foundation in the general principles of economics as a basis for efficient citizenship and, when combined with 111, as a preparation for all advanced study in economics. Topics include: analysis of the measurement, level, and distribution of national income; the process of inflation and recession; the role and structure of the banking system; fiscal and monetary stabilization techniques; implications of and limits to economic growth; and international economic relations.

Course Description: Economics is primarily the study of the interaction of productive factors or resources with human wants. Macroeconomics is primarily the study of aggregate economic decision-making at the level of an entire economy or a region within the economy.

The specific objectives of this course are to introduce students to the fundamental principles of macroeconomics, to familiarize students with policy issues concerned with aggregate economic decision-making, and to provide them with the theoretical tools needed to analyze such macroeconomic problems as inflation, deficits, unemployment, stabilization policy, and economic growth.

This course develops the concepts and tools of analysis needed to understand how the overall performance of an economic system is determined and affected by decisions made in the household, business, government, and foreign sectors.


Grades: Grades will be based on your performance on two midterm exams, a comprehensive final exam, quizzes, and several exercises. Your final grade will be determined according to the following percentages:

Midterm exams: 20% each
Final exam: 40%
Exercises: 15%
Quizzes: 5%

In addition, attendance and class participation will have a strong subjective influence on your final grade at the margin. More than two absences will negatively impact your grade.

Examinations: All exams will cover material presented in class and material from assigned readings, including material from readings not presented in class. The midterm exams are not, per se, cumulative, however, material from later chapters builds on material from earlier chapters. The final exam will be comprehensive.

I will provide you with a Review Sheet for each exam which will highlight the terms and concepts from each chapter and from class that you will need to know.

Tentative midterm exam dates are given in the reading schedule below.

Assignments and Quizzes: The due dates for exercises will be announced when they are assigned. Late assignments will not receive full credit. Quizzes will be given for the Case Study readings on the days the readings will be discussed. Missed quizzes cannot be made up.

Attendance: There is no mandatory attendance policy for this class. The informal attendance policy is the following: Do Not Miss Class. There is a very high (negative) correlation between absences and how well students do in this class. In addition, as stated above, more than two absences will negatively impact your grade.

Reading Schedule: The reading schedule below is a guideline only. It is likely that we will proceed through some of the chapters in more or less time than I have allotted for the readings. I will alert you concerning any changes to
the reading schedule as we proceed through the term.

| Week 1: Sept. 10-14 | Ch. 1: The Scope and Method of Economics  
|                     | Ch. 2: The Economic Problem: Scarcity and Choice  
|                     | Ch. 3: Demand, Supply, and Market Equilibrium  
|                     | Ch. 4: Demand and Supply Applications  
| Week 2: Sept. 17-21 | Ch. 5: Introduction to Macroeconomics (pp. 100-103): Circular Flow  
|                     | Ch. 19: International Trade, Comparative Advantage, and Protectionism  
| Week 3: Sept. 24-28 | Case Study: Constructing a Nation  
|                     | Ch. 5: (pp. 97-100, 103-108) Intro and Great Depression  
|                     | Ch. 6: Measuring National Output and National Income  
| Week 4: Oct. 1-5    | **Exam #1:** Wednesday, Oct. 3: Chs. 1-6, 19  
|                     | Ch. 7: Unemployment, Inflation, and Long Run Growth  
| Week 5: Oct. 8-12   | Ch. 8: Aggregate Expenditure and Equilibrium Output  
|                     | Ch. 9: The Government and Fiscal Policy  
|                     | Ch. 15: Financial Crises, Stabilization, and Deficits (pp. 294-300)  
| Week 6: Oct. 15-19  | No Class: Midterm Break  
| Monday - No Class   | Ch. 16: Household and Firm Behavior in the Macroeconomy  
| Midterm Break       | Case Study: The Tax Cut of 1964  
| Week 7: Oct. 22-26  | Ch. 10: The Money Supply and the Federal Reserve System  
|                     | Ch. 11: Money Demand and the Equilibrium Interest Rate  
|                     | Ch. 12: Aggregate Demand in the Goods and Money Markets  
| Week 8: Oct. 29-Nov. 2 | **Exam #2:** Monday, Oct. 29: Chs. 7-12, 15 (pp. 294-300), 16  
|                     | Ch. 13: Aggregate Supply and the Equilibrium Price Level  
|                     | Ch. 18: Alternative Views in Macroeconomics: (pp. 337-341) Keynesian/Monetarist Debate  
| Week 9: Nov. 5-9    | Case Study: Paul Volker and the Federal Reserve: 1979-1982  
|                     | Ch. 14: The Labor Market in the Macroeconomy (pp. 276-283)  
|                     | Ch. 18: Alternative Views in Macroeconomics: (pp. 341-348) Supply-Side Economics and New Classical Theory  
|                     | Ch. 15: Financial Crises, Stabilization, and Deficits (pp. 287-294)  
| Week 10: Nov. 12-16 | Subprime Mortgage Crisis and Policy Reactions  
| Wed. 11/14: Last Day | Case Study: Barack Obama and the Bush Tax Cuts  
| Final Exams: Sat.-Mon. | **Final Exam:** Sunday, Nov. 18, 3:30-6:00 pm  

Reading Schedule