

Principles of Macroeconomics – 45927 - HECO 201G – 04
Room: 150 Leadership Center
Time: 10:50a-12:05p MW

Instructor: David A. Poyer
Office: 110 Leadership Center
Phone: 470-639-0623
Office Hours: 12:00p-1:00p TuTh; and by appointment
EMAIL: david.poyer@morehouse.edu

Textbook: *Macroeconomics* by Paul Krugman and Robin Wells, 5th Edition

Course Description:

As distinct from microeconomics, where we are concerned with the economic decisions made by individuals and firms, and how those decisions give rise to product and service markets, macroeconomics involves the systematic study of the causes and consequences of fluctuations in aggregate production and the general price level and of government policies to control inflation and unemployment. *Prerequisite: MTH 120 (C or better).*

According to David Romer:

Macroeconomics is the study of the whole economy. It is therefore concerned with some of the most important questions in economics. Why are some countries rich and others poor? Why do countries grow? What are the sources of recessions and booms? Why there is unemployment and what determines its extent? What are the sources of inflation? How do government policies affect output, inflation, and growth? These and related questions are the subject of macroeconomics.¹

Questions of this sort are addressed in this course.

Course Outcomes:

The major objective of macroeconomics is the study of unemployment, economic growth, and changes in the overall price level. Students will learn:

1. The basics National Income Product Accounting system and how it is used to measure output using the expenditure and income approaches.
2. The basics of the Keynesian expenditure model and the derivation of the Keynesian expenditure multipliers.
3. The functioning of money markets – how money supply is determined and what factors affect the demand for money.
4. How the goods and money market are interrelated with the derivation of the IS-LM curves, and how this framework can be used to assess the effects of economic policy — fiscal and monetary — on economic activity, employment, and price level.

¹ Romer, David. 2006. *Advanced Macroeconomics 3rd edition*. New York, NY: McGraw-Hill Irwin.

Course Requirements and Policies:

Class attendance will strictly adhere to College policy as stated in the College catalog. Furthermore, if you are to get the most from the study of economics come to class prepared — this requires that you *read* the material in the chapters being covered *before* the lecture; be ready to participate in classroom discussions; and have questions prepared on topics or issues that may not be clear or of interest to you.

You will be required to access the online supplements.

Follow these steps to get started. If you need additional guidance, consult the [support site](#), especially the system requirements which list recommended browsers.

Go to <https://www.macmillanhighered.com/launchpad/krugmanwellsmacro5e/12638287>

Bookmark the page to make it easy to return to (although note that the URL will look different due to security measures).

Enroll in this course using one of the following options:

- If you have an access code, select "I have a student access code", enter the code exactly as it appears on the card, and click Submit.
- If you don't have an access code, either purchase a text package that includes one OR click "I want to purchase access" and follow the instructions.
- If you need to start working but can't purchase right away, select "I want temporary access" and follow the instructions. Please note: Your grades are linked to your Launchpad account username (email address). If you use temporary access, make sure you purchase or register your code using the same email address for your paid access.

If you have problems registering, purchasing, or logging in, please [contact Customer Support](#).

You can reach a representative 7 days a week:

- through the online form
- by chat
- by phone at (800) 936-6899

The course will include four exams. The average of your three best exams will determine your semester exam grade. You will be given a zero for the first-missed exam whether officially excused or not. **No make-up exams will be given for the first-missed exam.**

A make-up exam may be given, if you miss a second exam and have an official excuse of absence.

Regular homework and learning curve assignments will be given. Both will be completed online. The completion of homework in a timely fashion is important. Students are encouraged to access the *LaunchPad* website and to use the various study/learning tools that are available there.

Importantly, you, as Morehouse students, have the utmost obligation to exhibit honesty and to respect the ethical standards of school. Violations will result in a grade of "F" for the course and any appropriate judicial review. **Bottom line is don't cheat, plagiarize, or "fudge data"**. Do not pass off others' work or ideas as your own. It is also expected that students will not seek, receive, accept, or give assistance on exams. Electronic devices (cell phones, PDAs, etc.) are not allowed during exams unless explicitly approved by me. Therefore, turn them off and put them away and do not refer to them during exams. Contribute fairly to group work. Always cite all reference materials that you use (including materials from the www). You should always error on the safe side of honesty. If issues of academic integrity arise in this class, bring them to my attention immediately.

Final Grade:

Exams: 60 percent
Homework: 20 percent
Learning Curve: 20 percent

Grading Scale:

A+: >95
A: 90-95
A-: 85-89
B+: 80-84
B: 75-79
B-: 70-74
C+: 65-69
C: 60-64
C-: 55-59
D+: 50-54
D: 45-49
D-: 40-44
F: <44

Course Outline:

1. What is Economics?

January 15, 2020 to February 17, 2020

Chapter 1: First Principles

Chapter outcomes:

1. Principles That Underlie Individual Choice.
2. Interaction: How Economies Work.
3. Economy-Wide Interactions

Chapter 2: Economic Models: Trade-offs and Trade

Chapter outcomes:

1. Models in Economics
2. Using Models.

Chapter 3: Supply and Demand

Chapter outcomes:

1. Supply and Demand: A Model of a Competitive Market
2. The Demand Curve
3. The Supply Curve
4. Supply, Demand, and Equilibrium
5. Change in Supply and Demand
6. Competitive Markets – And Others

Chapter 5: International Trade

Chapter outcomes:

1. What is comparative advantage and why does it lead to international trade
2. What are the sources of comparative advantage?
3. Who gains and who loses from international trade?
4. Why do trade protections like tariffs and import quotas create inefficiency?
5. Why do governments engage in trade protection and how do international trade agreements counteract this?

Exam 1: February 17, 2020

2. Introduction to Economics and Long-Run Economic Growth

February 19, 2020 to March 4, 2020

Chapter 6: Macroeconomics

Chapter outcomes:

1. The Nature of Macroeconomics.
2. The Business Cycle.

3. Inflation and Deflation
4. International Imbalances.

Chapter 7: GDP and CPI: Tracking the Macroeconomy

Chapter outcomes:

1. The National Accounts
2. Real GDP: A Measure of Aggregate Output
3. Price Indexes and the Aggregate Price Level.

Chapter 8: Unemployment and Inflation

Chapter outcomes:

1. The Unemployment Rate
2. The Natural Rate of Unemployment
3. Inflation and Deflation

Chapter 9: Long-Run Growth

Chapter outcomes:

1. Comparing Economies Across Time and Space
2. The Sources of Long-Run Growth
3. Why Growth Rates Differ

Chapter 10: Savings and Investment Spending, and the Financial System

Chapter outcomes:

1. Matching up Savings and Investment Spending
2. The Financial System
3. Financial Fluctuations

Exam 2: March 4, 2020

3. Short-Run Economic Fluctuations and Stabilization Policy

March 9, 2020 to March 30, 2020

Chapter 11: Income and Expenditure

Chapter outcomes:

1. The Multiplier
2. Consumer Spending
3. Investment Spending
4. The Income-Expenditure Model

Chapter 12: Aggregate Demand and Aggregate Supply

Chapter outcomes:

1. Aggregate Demand
2. Aggregate Supply
3. The AD-AS Model
4. Macroeconomic Policy

Exam 3: March 30, 2020

4. Stabilization Policy

April 1, 2020 to April 20, 2020

Chapter 13: Fiscal Policy

Chapter outcomes:

1. Fiscal Policy
2. Fiscal Policy and the Multiplier
3. The Budget Balance
4. Long-Run Implications of Fiscal Policy

Chapter 14: Money, Banking, and the Federal Reserve System

Chapter outcomes:

1. The Meaning of Money
2. The Monetary Role of Banks
3. Determining the Money Supply
4. The Federal Reserve System
5. The Evolution of the American Banking System

Chapter 15: Monetary Policy

Chapter outcomes:

1. The Demand for Money
2. Money and Interest Rates
3. Monetary Policy and Aggregate Demand
4. Money, Output, and Prices in the Long Run

Chapter 16: Inflation, Disinflation, and Deflation

Chapter outcomes:

1. Money and Inflation
2. Moderate Inflation and Disinflation
3. Inflation and Unemployment in the Long Run
4. Deflation

Exam 4: April 20, 2020

5. Events and Ideas

April 22, 2020 to April 29, 2020

Chapter 17: Macroeconomics: Events and Ideas

Chapter outcomes:

1. Classical Macroeconomics
2. The Great Depression and the Keynesian Revolution

3. Policy to Fight Recessions
4. Challenges to Keynesian Economics
5. Rational Expectations, Real Business Cycles, and New Classical Macroeconomics
6. Consensus and Conflict in Modern Macroeconomics

Chapter 19: International Macroeconomics

Chapter outcomes:

1. Capital Flows and the Balance of Payments
2. The Role of the Exchange Rate
3. Exchange Rate Policy
4. Exchange Rates and Macroeconomic Policy

Final Exam: May 4-8