

ECON 131 (005) Principles of Macroeconomics

Fall 2008

TR 9:00-10:15am, BusAd A102

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Course Description

This is an introductory course that covers how the economy functions as a whole. Topics include the causes and effects of important macroeconomic indicators, such as output, growth, prices and inflation, and unemployment; the financial markets and the Fed's monetary policies; the government budget and fiscal policies; business cycles; the determinants of growth rates; exchange rate fluctuation and trade imbalances; and the government's role in promoting economic growth and stabilizing the economy. Although there is no prerequisite for this course, some topics involve basic algebra (e.g. solving linear systems of equations) and two-dimensional graphical analysis.

Course Objectives

Upon completion of this course, students should: 1) be able to understand and apply basic macroeconomic models; and 2) be equipped to develop informed opinions about the Fed's monetary and the government's fiscal policies.

Resources

- 1) **Required text:** Robin Bade & Michael Parkin, *Foundations of Macroeconomics*, 4th ed, 2008.
- 2) **Required on-line component:** *CourseCompass* on *MyEconLab* – see below for registration and payment information.

Resource purchasing options

- a) Purchase a new textbook. At the UH bookstore, new texts are bundled with *MyEconLab*.
 - If you choose this option, you do not need to purchase anything else.
 - Cost of option (a): price of your new bundled textbook.
- b) Purchase a used textbook or the 3rd edition of the textbook. Since the 4th edition has only been on the market for a few months, it may be difficult to locate a used copy.
 - If you choose this option, you must also purchase a *MyEconLab* student access code for \$30 (see registration instructions below).
 - Cost of option (b): price of your used textbook + \$30
- c) Purchase access to an electronic copy of the textbook (eText) via *MyEconLab* for \$70. Although it is cheaper than purchasing a hard copy of the text, you will only have access to the electronic version until the end of our course.
 - If you choose this option, you do not need to purchase anything else.
 - Cost of option (c): \$70

** Best way to contact the instructor.

Registering for MyEconLab

Before registering, you will need:

- 1) a valid email address (it does not need to be your UH address);
- 2) our course ID below; and
- 3) a student access code. For Option (a) above, there is a code included with your text. For Option (b), you must purchase a code during registration. For Option (c), the code is included with the eText purchased during registration.

How to register:

- 1) Go to www.coursecompass.com.
- 2) Click on the “Register” tab under the “Student” option.
- 3) Enter our course code (**lindxxxxx**).
- 4)
 - a. If you already have a course code, select “Access Code” and enter your code.
 - b. If you do not already have an access code, select “Buy Now.” Select to purchase either a stand-alone access code (Option (b)) or eText access with an access code (Option (c)).
- 5) Agree to their license agreement and privacy policy.
- 6) If you have used CourseCompass before, enter your user name and password here. If you do not already have an account, create one here.
- 7) Follow the rest of the registration instructions. Please ensure that the email address you provide is one that you check daily, as you may be sent important course reminders/announcements.

Course Communication

All course communication will be done via *CourseCompass*. Lecture slides, grades, assignment answer keys and announcements will all be posted on the course website. Please be sure to check for announcements daily. In the event of a pressing announcement, an email will be sent to the email address you provided for *MyEconLab* (however your email address will not be displayed). There is also a helpful Study Plan tool on the website to help improve your performance in the class, as well as links to economic news.

Grading

On-line quizzes (homework)	12%
Unannounced in-class quizzes	12%
Midterm Exam 1	23%
Midterm Exam 2	23%
Final exam	30%
	<hr/>
	100%

The plus / minus (+ / -) grading system will be used for this course.

On-line Homework

There will be weekly on-line homework to be completed on *CourseCompass*. All on-line homework will be made available on Mondays and are due on Sundays at 8:00pm Hawaii Standard Time. You may begin an assignment at anytime after it becomes available. Once the due date and time have passed, you may print the questions with the correct responses and your submitted responses, however, you may no longer respond to the questions. There will be no make-up homework assignments offered and no extensions of due dates.

Optional Written Problem Sets

Written problem sets will be posted on the *CourseCompass* web page. These assignments are optional and **DO NOT** need to be submitted. They are intended for students to practice applied problems that require drawing graphs, explaining intuition behind the theories discussed and responding in a more involved manner than is allowed by multiple choice questions. It is highly recommended that students attempt these problem sets to prepare for the exams.

Unannounced In-Class Quizzes

To ensure that students keep up with the reading and follow the lectures, and to reward those who do, there will be periodic **unannounced** quizzes worth several points each. Quizzes may be given at any time during a lecture and will take no more than ten minutes. Quiz questions will come from both recent text readings and lecture. Questions will be multiple choice and will resemble those found in on-line quizzes.

Exams

Two midterm exams and a final exam will be given. The final exam **WILL** be cumulative. Exam questions will be based on both the text and lectures. There will be a multiple choice section with questions resembling those found in the on-line quizzes, and a written applied section with questions similar to those from the optional homework assignments. There will be an in-class review session before each exam; these dates are provided below.

The midterm and final exams are scheduled for the dates in the schedule below. Please do not make any travel arrangements that would prevent you from taking any of the exams. **THERE ARE NO MAKE-UP EXAMS UNDER ANY CIRCUMSTANCES, AND NO EXAM MAY BE TAKEN PRIOR TO THE SCHEDULED DATE AND TIME.** Please plan accordingly.

*If you represent the University on a varsity sport team that will be traveling for competition during one of the exams, please contact the instructor to arrange for administration of the exam during your travel.

Students with Disabilities

If you have a documented disability that requires reasonable accommodations (e.g. for exams), please contact the KOKUA Program at 956-7511 (located in QLCSS Room 013) to make arrangements.

Academic Honesty

The University of Hawaii has strict standards regarding academic honesty and does not refrain from imposing severe penalties for dishonesty. Please consult this section of the University Catalogue for specific language and possible consequences.

Suggestions for Success

Learning economics involves repeated review of often intricate models. This requires not only an understanding of economic concepts, but developing the skill of applying such concepts to real-world examples. Students are thus encouraged to do the assigned readings before attending the corresponding lecture to maximize absorption of the material. Lecture attendance and completion of weekly on-line assignments are necessary to keep from falling behind. It is also highly recommended that students complete all optional problem sets to

ensure thorough understanding and applications of models in preparation for the applied analysis section of the exams. Finally, it is imperative that students meet to receive help AS NEED. Spending just five minutes after class to clarify questions on the lecture will immensely help your continued accumulation of economic knowledge. Waiting until the week before the exam to ask a long list of questions is unlikely to prove a successful learning strategy. If you are unable to meet during any posted office hours, please send an email to either the instructor or the TA to set up an appointment.

Course Schedule

DATE	MATERIAL	CHAPTER
T, August 26	Course overview; Intro to Economics	1
R, August 28	The Macroeconomy	2
T, September 2	Economic Fundamentals	3
R, September 4	Economic Fundamentals	3
T, September 9	Demand, Supply & Equilibrium	4
R, September 11	Demand, Supply & Equilibrium	4
T, September 16	Measuring Economic Activity	5
R, September 18	Measuring Economic Activity	5
T, September 23	Review for Midterm Exam 1	1-5
R, September 25	Midterm Exam 1	1-5
T, September 30	Inflation	6
R, October 2	Inflation	6
T, October 7	The Labor Market & Unemployment	7
R, October 9	Potential GDP	8
T, October 14	Potential GDP	8
R, October 16	Economic Growth	9
T, October 21	Investment, Savings & Capital Formation	10
R, October 23	Investment, Savings & Capital Formation	10
T, October 28	Review for Midterm Exam 2	6-10
R, October 30	Midterm Exam 2	6-10
R, November 6	Money	11
R, November 13	Money, Interest Rates & Inflation	12
T, November 18	Aggregate Demand, Aggregate Supply & The Business Cycle	13
R, November 20	Aggregate Demand, Aggregate Supply & The Business Cycle	13
T, November 25	Fiscal Policy	16
T, December 2	Monetary Policy	17
R, December 4	Exchange Rates & the Open Economy	19
T, December 9	Exchange Rates & the Open Economy	19
R, December 11	Review for Final Exam	11-13, 16-17, 19
R, December 18	Final Exam, 9:45-11:45am	1-13, 16-17, 19