

# ECON 2105 - Principles of Macroeconomics

## Fall 2008 Course Outline

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### Course Overview

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#### **1. General Content**

This course provides the student with the tools to rationally view and interpret the economic forces affecting the world in which we live. Rationality implies having knowledge of factors that motivate change in the order of our everyday lives. For instance, changes in the prices of the goods and services we purchase; in the level of economic activity that the nation is experiencing; in the levels of overseas investment that take place in a particular period of time; in fluctuations of the exchange rate making the dollar more or less valuable relative to other nations' currencies; changes in family consumption and business investment expenditures; the role of government in influencing domestic economic affairs; and how international markets affect the relative prosperity we experience. This course will explore the nature and extent of economic factors that affect each of us thus giving the student the ability to apply the tools of economic science in analyzing and explaining the dynamic economy of the U.S.

#### **2. Specific Objectives**

Upon completion of the course the student will:

- Be able to view the world from an economic perspective.
- Be knowledgeable about the ways in which the world works and therefore become a better informed citizen.
- Be able to apply the tools of economic science in analyzing the dynamic US economy.

#### **3. What the student is assumed to know upon entering the course.**

There are no prerequisites for this course. However, a keen interest in current events and, in particular, the economic events of the day would be useful.

#### **4. Textbooks**

The required textbook is N. Gregory Mankiw, *Principles of Economics*, Fourth edition, Thomson-Southwestern.

The required supplementary text is R.L. Miller, D.K. Benjamin, and D.C. North. *The Economics of Public Issues*, 15<sup>th</sup> edition, Addison Wesley, 2008. Selected readings have been assigned to correspond to relevant subject matter that we will be covering in Mankiw. You will be responsible for assigned material in both Mankiw and Miller et al.

Further, your understanding of the course material and enjoyment of the subject matter of economics will be enhanced by your own independent reading of such on-line material as: *The New York Times* ([nytimes.com](http://nytimes.com)), *The Financial Times* ([FT.com](http://FT.com)), *The Wall Street Journal* ([WSJ.com](http://WSJ.com)), *The Economist* ([economist.com](http://economist.com)), *Business Week* ([businessweek.com](http://businessweek.com)), and the *International Herald Tribune* ([iht.com](http://iht.com))).

## **5. Course Content**

### **I. Introduction and The Data of Macroeconomics**

- A. The Ten Principles of Economics
- B. Thinking Like an Economist
- C. Measuring a Nation's Income
- D. Measuring the Cost of Living
- E. The Monetary System

*References:* Mankiw, chapters 1, 2, 23, 24, 29.  
Miller et al. Readings 1, 2, 4, 21, 22, 23,

### **II. Supply and Demand: How Markets Work**

- A. The Market Forces of Supply and Demand
- B. Elasticity and its application
- C. Supply, Demand, and Government Policies

*References:* Mankiw, chapter 4, 5, 6.  
Miller et al. Readings 5, 6, 7, 8, 10, 11, 12, 25

### **III. Supply and Demand: Markets and Welfare**

- A. Consumers, Producers, and the Efficiency of Markets
- B. Interdependence and the Gains from Trade
- C. International Trade

*References:* Mankiw, chapter 7, 3, 9.  
Miller et al. Readings 9, 30, 31, 32

### **IV. The Real Economy in the Long Run**

- A. Saving, Investment, and the Financial System
- B. The Basic Tools of Finance
- C. Unemployment and its Natural Rate

*References:* Mankiw, chapter 26, 27, 28.  
Miller et al. Readings 11, 13, 14

### **V. Money and Prices in the Long Run**

- A. Money Growth and Inflation

*References:* Mankiw, Chapter 30

### **VI. Final Thoughts**

- A. Five Debates over Macroeconomic Policy

*References:* Mankiw, chapter 36.

## **6. Assessment**

### **A. Components**

#### **I. Continuous Assessment:**

Problem Sets	20%
3 Examinations	60%

#### **II. Final Examination:** 20%

**Problem Sets:** Problem sets will be assigned beginning week two. The problem sets will consist of a series of twenty five multiple choice and true-false questions available on-line at my website <itc.gsw.edu/faculty/pszmedra>.

You will answer the questions and **submit to me only the answer sheet.** Problem sets are due by Friday 6PM of the week they are assigned. **You may work together on problem sets.** **The maximum number of students working together in a problem set study group is three.** Hand in one answer sheet with all group member names on that one sheet. Everyone in the group receives the same score.

A problem set will be assigned every week of the semester except those weeks in which an exam is scheduled. You will do about eleven or twelve problem sets during the course of the semester. Problem sets can be done and submitted to me at anytime during the week they are assigned up until 6PM Friday. **I won't accept** problem sets after 6PM Friday. **No exceptions!**

**Examinations:** The three examinations will be objective and will occur approximately once every five weeks. I will provide at least two weeks notice of an upcoming exam. The **only legitimate** reason for failing to appear at an examination is illness. I will allow you to take a makeup exam only after presenting to me a medical doctor's excuse explaining your illness or the illness of someone in your immediate family. I **will not** give a makeup exam under **any other** circumstance.

**Class Participation:** I strongly encourage you to initiate and participate in class discussion. Macroeconomics is topical, it is interesting, and it is important to your intellectual development as an informed citizen. Class participation will affect your final grade at the margin. What exactly does that mean? It means that if you are borderline at the final grading, I will grade up if you have actively participated in class discussion. The overall mark for the course is the aggregate of the assessment elements.

**Attendance:** Lecture attendance is strongly recommended but not required. This isn't high school. However, I can advise you that there is a strong correlation between class attendance and overall performance. I realize that university students lead amazingly complicated lives. Nevertheless I encourage you to attend lectures. When absence is excessive on any particular day, those students that do attend will be rewarded with extra credit that will be recorded in their problem set score file. Come to class!

**Rules of Conduct:** **Please read what follows very carefully.** If you feel you cannot comply with these rules of conduct throughout the entire semester then **I advise you to drop the course.**

1. If you arrive to class fifteen minutes after the class is scheduled to begin **do not enter the classroom!!** Entering the class late disrupts both me and your fellow students.
2. When you arrive in class your mobile phone will be switched off including the "vibration" mode if your phone has one.
3. Once you arrive in class you will remain in the class until dismissed at the end of class. There

are no “smoking breaks”, “mobile phone breaks” or any other type of breaks during class. Attend to your toilet issues before class as I will. If you become ill during class you may leave the class with all of your school materials and go directly to the Health Center.

4. Finally, I do not tolerate students sleeping in class, students having their head down on their desks, or any other type of inattentive or disruptive behaviour. If I see you sleeping I will clap my hands to wake you. I will repeat my clapping if I see your eyes closed a second time. If you doze off a third time I will ask you to leave the classroom and find a more comfortable place to doze than GSW student seating.

**Academic Honesty:** All students are expected to abide by the honesty and integrity standards set by the university. Any type of dishonest behaviour will be dealt with severely. The consequences of cheating on an examination, or plagiarism while completing a written assignment will be felt both at the class level through grade penalties and at the university level through disciplinary action. Specifically, **one** cheating infraction will cause you to receive an F in the course and your case forwarded to the university administration for disciplinary action. **Do not cheat!**

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