

**AMERICAN UNIVERSITY
DEPARTMENT OF ECONOMICS**

ECON-100.001
MACROECONOMICS
Fall 2008
Ward 1

Prof. Jon D. Wisman
Office: Roper 111
Phone: 885-3157; -3158
Office Hours:
M: 11:15 - 2:00
Th: 11:15 - 1:30

SYLLABUS

TEXTBOOKS

David C. Colander, *Macroeconomics*, 6th Ed. Boston: Irwin, 2005.

Robert Heilbroner and William Milberg, *The Making of Economic Society* 12th ed. Upper Saddle River, N.J.: Prentice Hall, 2008.

Robert Heilbroner, *The Worldly Philosophers*, 7th ed. New York: Simon and Schuster, 1999.

GENERAL EDUCATION REQUIREMENTS: This course, ECON-100 Macroeconomics, is one of four foundation courses in Cluster 1 of Curricular Area 4 (Social Institutions and Behavior) in the University's General Education Program. It is the first of a two-course sequence. You must take one of the following courses in order to complete the General Education requirements for Cluster 1 of Curricular Area 4:

AMST-240	Poverty and Culture
COMM-275	Dissident Media: Voices from the Underground
ECON-200	Microeconomics
EDU-200	Schools and Society
FIN-200	Personal Finance and Financial Institutions
GOVT-210	Political Power and American Public Policy
GOVT-215	Civil Rights and Liberties
PHIL-240	Ethics in the Professions
SOCY-210	Inequality: Class, Race, and Ethnicity
WGST-225	Gender, Politics, and Power

ACADEMIC INTEGRITY

Standards of academic conduct are set forth in the University's Academic Integrity Code:

<http://www.american.edu/academics/integrity/index.htm>. . By registering, you have acknowledged your awareness of the Academic Integrity Code, and you are obliged to become familiar with your rights and responsibilities as defined by the Code. Violations of the Academic Integrity Code will not be treated lightly, and disciplinary actions will be taken should such violations occur. Please see me if you have any questions about the academic violations described in the Code in general or as they relate to particular requirements for this course.

In writing papers, you must properly cite all sources (1) directly quoted, (2) paraphrased, or (3) consulted in any fashion. Sources include all printed material as well as the Internet. It is also considered plagiarism if you merely rework source material, placing an author's thoughts in other words without contributing your own ideas. For that reason, you must include some kind of source citation or note whenever drawing on someone else's interpretation.

COURSE OBJECTIVES: Macroeconomics deals with the aggregate behavior of a capitalist market economy. To better appreciate the workings of such an economy, this course will begin with a historical survey of the evolution of modern economic institutions and modern economic thought. Analysis will then be made of the theoretical frameworks that macroeconomists have developed to explain how contemporary capitalist economies function, the basic problems these economies face, and the solutions macroeconomists offer for these problems. The course will conclude with an examination of the economic promises and challenges generated by globalization.

COURSE REQUIREMENTS

1. **Exams:** There will be two examinations: A midterm (Thursday, October 16) and a final (Thursday, December 11, 8:30-11:00 a.m.). Please note: The **use of calculators is not permitted** during the examinations.

2. Three Reaction Papers on Readings

Written "reaction" papers on the readings are required. These are not to be simply summaries of the readings, but rather your critical reactions to them. Papers may not be more than 1400 words in length (approximately four typewritten, double-spaced pages). **Longer papers will not be accepted.** Reaction papers will be graded "excellent", "satisfactory", or "unsatisfactory". The first two papers, if graded unsatisfactory, may be rewritten, but must be resubmitted within the forthcoming week (Originals must be resubmitted with rewrites). The third paper may **not** be rewritten. **Reaction papers must cover all the readings in the designated section(s) and each of these readings must be referenced.** For the first two papers, none will be accepted more than one week after the due date, and late papers can neither receive the grade "excellent" nor be rewritten. The "Field Trip" paper and the third reaction paper may **not** be turned in late. Papers must be submitted in hard copy.

1. Part I Sections C & D Sept. 15
2. Part I Section F Oct. 6
3. Part II Section F (additional readings will be required for this paper; note: may **not** be turned in late) Nov. 24.

3. One Reaction Paper on a "Field Trip" Experience

In order to experience some aspect of our economic world beyond the textbooks, each student must participate in one of the following three activities and submit a written report.

- a) Attend two Congressional hearings on an economic issue (e.g. taxation, budgeting, poverty, regulation, trade, etc.). Note that this option requires attendance at hearings prior to Congressional recess.
- b) Volunteer to work in a soup kitchen or shelter on two different days (This should only be done by students in groups).
- c) Conduct an interview with the owner of a small business.

A "reaction" report must be submitted on or before November 3. **No late papers will be accepted.** Papers may not be more than 1400 words in length (approximately four typewritten, double-spaced pages). **Longer papers will not be accepted.** If this paper is graded unsatisfactory, it may **not** be rewritten. Papers must be submitted in hard copy.

N.B. The **Writing Center** offers free, one-on-one coaching and advice on writing to all AU students. You can schedule up to two appointments per week by calling 885-2991.

4. **Discussion Groups:** Students may participate in weekly groups. Attendance and participation are optional. However, by attending these discussion groups, students may add points to their midterm and final exam scores (one point maximum per week).

Grading (each letter category includes all possible pluses and minuses)

- A** requires 90% of the total points possible on the mid-term and final, and four satisfactory reaction papers.
- B** requires 80% of the total points possible on the mid-term and final and three satisfactory reaction papers.
- C** requires 70% of the total points possible on the mid-term and final and two satisfactory reaction papers.
- D** requires 60% of the total points possible on the mid-term and final and one satisfactory reaction paper.
- F** has no requirements.

Excellent reaction papers can raise your final grade.

P.S. Except for instances of documented illnesses, no incompletes will be given for this course.

Reading Assignments

The readings and lectures are meant to complement each other. Although they will at times cover seemingly quite diverse subjects, they are intended to help you develop the fullest possible understanding of what the science of economics is all about. All of the material listed below, not found in the course textbooks, is on reserve in the library (reserve room on underground floor). Some of these readings, depending upon copyright restrictions, will be available on Blackboard. Note:

the works of Adam Smith, Thomas Malthus, Karl Marx and that of other notable economists can be accessed at: <http://cepa.newschool.edu/het/> and <http://www.socsci.mcmaster.ca/econ/ugcm/3LL3/index.html>

The dates given below are approximate.

I. The History of Modern Economics

A. Introduction: Economics and Society (Aug. 25).

Colander, ch. 1.

Heilbroner and Milberg, ch. 1.

B. Pre-Industrial Economies and Some Basic Theoretics (Aug. 28, Sept. 4).

Heilbroner and Milberg, ch. 2.

Colander, ch. 4.

C. Origins and Emergence of Capitalism (Sept. 8, 11).

Colander, ch. 2.

Heilbroner and Milberg, ch. 3.

Robert Heilbroner, *The Worldly Philosophers*, chs. 1-3.

Adam Smith, *The Wealth of Nations*, Book I, chs. 1-3 (about 17 pp.).

REMINDER: *REACTION PAPER 1 IS DUE SEPTEMBER 15*****

D. Reaction to Capitalism (Sept. 15, 18, 22).

Heilbroner and Milberg, ch. 4.

Heilbroner, *The Worldly Philosophers*, chs. 4, 5, 6.

Thomas R. Malthus, *On Population*. New York: Modern Library, 1960, Preface, Chs. 1,2 (about 14 pp.).

Karl Marx and Friedrich Engels, "Manifesto of The Communist Party," in Robert C. Tucker (ed.), *The Marx-Engels Reader*. New York: W.W. Norton, 1978, (about 30 pp.).

Nicholas Carr, "Is Google Making Us Stupid?" *Atlantic Monthly*, July/August 2008.

E. An Overview of the U.S. Economy and World Trade (Sept. 25).

Colander, chs. 3, 5.

Heilbroner, *The Worldly Philosophers*, ch. 8.

F. The Magic of the Market (Sept. 29, Oct. 2).

Milton Friedman, *Capitalism and Freedom*. Chicago: University of Chicago Press, 1962.

Heilbroner and Milberg, ch. 5.

Robert Kuttner, "The Squandering of America's Assets," *Challenge*, 51 (1), January/February 2008: 78-90.

Stephen Marglin, "Why Thinking Like an Economist Can Be Harmful to the Community," *Challenge*, 51 (2), March/April 2008: 13-26.

Jon D. Wisman, "Keynesian Economics and Economists' Views on the State," *Forum for Social Economics*, 16, Fall 1986, 1-15.

II. Prosperity and Recession: The Keynesian Revolution

REMINDER: *REACTION PAPER 2 IS DUE OCTOBER 6*****

A. Introduction (Oct. 6).

Colander, chs. 6, 7, 8.

Heilbroner and Milberg, chs. 6, 7.

Heilbroner, *The Worldly Philosophers*, Ch. 9.

B. Keynes versus the Classical School (Oct. 9).

Colander, ch. 9.

REMINDER: *MIDTERM EXAMINATION WILL BE ON OCTOBER 16*****

- C. **The Basic Keynesian Model** (Oct. 13, 20).
Colander, ch. 10.

REMINDER: *FIELD TRIP PAPER IS DUE NOVEMBER 3*****

- D. **The Role of Money** (Oct. 23, 27, 30, Nov. 3).
Colander, chs. 11, 12, 13.
- E. **The Contemporary Struggle for Macroeconomic Stability** (Nov. 6, 10, 13)
Colander, chs. 14, 15.
Heilbroner and Milberg, chs. 8-11.

REMINDER: *LAST REACTION PAPER IS DUE NOVEMBER 24*****

- F. **International Trade and Finance** (Nov. 17, 20, 24)
Colander, chs. 16, 17, 18.
Heilbroner and Milberg, ch. 12, 14, 15.
Ha-Joon Chang. 2003. "The Future for Trade," *Challenge*, November/December 2003, 6-15.
Robert Carbaugh and David Hedrick, "'Losing Faith in the Dollar,'" *Challenge*, 51 (3), May-June 2008, 93-114.
Paul Davidson, "Crude Oil Prices: 'Market fundamentals' or speculation?" *Challenge*, 51 (4), July/August 2008, 110-118.
Robert Wade, "The First-World Debt Crisis of 2007-2010 in Global Perspective," *Challenge*, 51 (4), July/August 2008: 23-54.

- III. **The Struggle for Economic Development** (Dec. 1, 4).
Colander, ch. 19.
Heilbroner and Milberg, ch. 13.
Interview with William Easterly, "The Failure of Economic Development," *Challenge*, Jan./Feb. 2002, 88-103.

*****FINAL EXAM: THURSDAY DECEMBER 11, 8:30-11:00 a.m.*****

Interested students may find some recent articles by their professor on the class Blackboard site.