

**Macroeconomics
ECON 100
Fall 2009**

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Roper 106*

*Office: Office Hours: Tuesdays, Wednesdays and Fridays: 2:00 – 4:00 pm
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Introduction

Welcome to American University's beginning course in economics. Economics is a complex discipline that studies how humans organize their material life. By material life, I mean those processes associated with the production, distribution and use of goods and services. Economists study how we humans organize this crucial aspect of our existence, and how this organization has changed over time. This means that economists consider alternative methods of producing and distributing goods and evaluate which methods can better attain goals such as efficiency and fairness. Because most economists study the modern period, economics particularly focuses on the ways in which markets organize our material life.

To address these topics, I have divided the class into four sections. The first section is called **Basic Concepts**. In this we discuss terms such as scarcity, trade-offs, opportunity cost, efficiency, equity, efficiency, equilibrium, supply and demand. This section will introduce you to the ways in which economists reason, and I hope to convince you that this way of thinking will give you important insights about the world around you.

Section II is entitled **Economic Growth and Inequality**. One of the most astonishing features of the modern world is that we now experience constant change in production and consumption habits. More and more people of the world have at least for now escaped material privation. We have far more options than we used to, but economists have disagreed on whether or not we all benefit from the expansion of our economy. In this section, we will examine the causes of growth and analyze the very different perspectives of Adam Smith and Karl Marx.

Section III is called **Keynesian Macroeconomics**. Here you will learn about the role of money and financial markets in our economy, the causes of unemployment and inflation, and what the government tries to do to influence the direction of the economy. This section should allow you read the business press more intelligently and critically.

Section IV is called **Globalization**. In this section, we will consider how expanding international trade, investment and migration has affected our economic lives and changed the ways in which governments can intervene into our economy. We will

also explore the arguments that economists make for and against unregulated international liberalization.

My goal for this class is simple. I want to help create a more intelligent and engaged group of citizens who understand basic economics and can participate in those policy debates that are so important to our lives in the present and future.

General Education and Academic Integrity

Economics 100 is an introductory General Education class in Area IV. You are urged to consult the university catalogue to determine what second level courses are linked to this class.

All classes at American University are governed by our academic integrity code. While students should develop their ideas by sharing their ideas with other students, all of you are expected to only present work that you have done by yourself. Avoid all circumstances that might lead you to plagiarize or that might tempt you to cheat on tests. Any violation of the academic integrity code will be reported to the Associate Dean of the College of Arts and Sciences.

Grading Policy

There will be six major assignments for this class: one midterm on basic concepts, one essay comparing the classical perspectives of Adam Smith and Karl Marx, one midterm on Keynesian economics, one essay on the Obama stimulus program, weekly homework, and a final examination. The last exam will be comprehensive and will count for 20% of your grade. The other five assignments will count for eighty percent of your grade (16% each).

Class Discussion Sections

Because of the size of the class, it will be difficult to have intensive discussions during the lecture period. That is why, beginning in the second or third week of class, we will have regularly scheduled discussion sections which will be run by our excellent cadre of teaching assistants. Each teaching assistant will also have regularly scheduled office hours. These will be posted on blackboard during the second week of class.

Readings

You should have access to one textbook: *Macroeconomics* (second edition) by Hubbard and O'Brien. In addition, I will post some readings on blackboard.

August 25 and 28: Basic Concepts: Scarcity, Efficiency, and the Market System

Read Chapters 1 and 2 of Hubbard and O'Brien

September 1 and 4: Basic Concepts: Supply and Demand Analysis

Read Chapters 3 and 4 of Hubbard and O'Brien

September 8 and 11: Growth and Inequality: International Trade and Specialization

Read Chapters 5 and 6 of Hubbard and O'Brien

September 15: Midterm on Basic Concepts and International Trade

September 18 and 22: Growth and Inequality: Smith vs. Marx

Readings posted on blackboard

September 25: Growth and Inequality: Measuring Economic Performance

Read Chapters 7 and 8 of Hubbard and O'Brien

September 29 and October 2: Growth and Inequality: Long-Run Patterns of Growth and Explanations

Read Chapters 9 and 10 of Hubbard and O'Brien

Essay on Marx and Smith due September 29th

October 6 and 9: Keynesian Economics: Short-Run Analysis

Read Chapters 11 and 12 of Hubbard and O'Brien

October 13: Keynesian Economics: Fundamentals of Money and Banking

Read Chapter 13 of Hubbard and O'Brien

October 20 and 23: Keynesian Economics: Monetary Policy and Fiscal Policy

Read Chapters 14 and 15 of Hubbard and O'Brien

October 27: Midterm on Modern Macroeconomics Basics

October 30 and November 3; Modern Macroeconomics: Financial Meltdown and the Economic Crisis

Read postings on Blackboard

November 3 and 6: Keynesian Economics: Fiscal Policy and the Obama Stimulus Program

Read Chapter 15 of Hubbard and O'Brien

Read Postings on Blackboard

November 10 and 13: Keynesian Economics: Dealing with Unemployment and Inflation Simultaneously

Read Chapter 16 of Hubbard and O'Brien

November 17 and 20: Globalization: International Trade and Open Economy Macroeconomics

Read Chapter 17 of Hubbard and O'Brien

Essay on the Obama Economic Program due on November 20th

December 1 and 4: Globalization: International Finance

Read Chapter 18 of Hubbard and O'Brien

December 11: Final Examination: 8:30 am – 11:00 am