

**THE UNIVERSITY OF WISCONSIN-PARKSIDE**  
**Department of Economics**

Economics 121

Principles of Macroeconomics

Fall 2008

Instructor: **Stefan Ruediger**

**Course time:** Tuesday and Thursday 3:30pm-4:45pm Molinaro 222

**Office:** Molinaro 274 **Office hours:** Tuesday and Thursday 12:30pm-1:30pm or by appointment

**Office phone:** (262) 595-2268, email: ruediger@uwp.edu

**Final Exam:** 3:30pm-5:30pm Thursday, Dec 18, 2008

## **Introduction**

Macroeconomics is the study of the general structure of the economy and the relationships between the major economic aggregates: households, businesses, and the government. The focus will be on basic concepts that economists use to analyze economic problems and on applying these concepts to a wide variety of issues. Macroeconomists study the level of output of the economy, the prices, interest-rates, and the government's role in affecting these levels.

## **Course requirements**

The required text book is "**Principles of Macroeconomics**" by **N. Gregory Mankiw, 4th edition**. It is available at the UWP-bookstore. A tentative reading schedule is on the next page.

The material builds upon itself, so keeping up to date with the readings and lectures is very important. Typically, lectures will extend the results from the previous class. If there are concepts that you find confusing, please ask for help as soon as you can!

You will need to have access to the Internet for course work, since I will post important information, assignments and problem sets online using D2L.

If you do not know how to use D2L please let me know as early as possible.

## **Grades**

There will be **two mid-term exams**, each worth 25 percent of your final grade, and **one final exam**, worth 30 percent of your final grade. Homework assignments will be worth 20 percent total. Make sure that you attend all exams, since **NO make-up exams** will be given out.

## **Prescription for Success**

- 1) **Attend class.** Prepare for each class by reading the relevant lecture notes and sections of the textbook before and then again after the material is covered in class. Take the time that is necessary to comprehend fully the course material. ***For every hour spent in class, spend an additional two hours outside of class studying the course material.***
- 2) **Download** and print off the lectures notes available on the Desire2Learn (D2L) website for Econ \*121. **Review** the lecture notes **daily**. Reconstruct (not just recopy) all graphs and explanations; that is, be able to illustrate and explain the various concepts and models.

- 3) **Ask** questions if you are confused or simply do not fully understand something. By asking questions, you (and other students in the class who probably have the same question) will benefit by understanding the material more quickly and efficiently.
- 4) **Study and work through** the review/practice questions and interactive graphs available on the D2L Econ \*121 website. The D2L login webpage is <http://uwp.courses.wisconsin.edu/>.
- 5) **Complete** all homework assignments.
- 6) **Read** the *Wall Street Journal*, the *Financial Times* or other economics and business publications to observe and learn how the economic principles developed in class are used to analyze, explain and understand “real-world” economic and business phenomena.
- 7) **Consult** tutors, who are available through the Academic Resource Center (Wyllie Hall, D180), if additional one-on-one help is desired or needed. Appointments for this free, individual tutoring must be scheduled several days in advance.

## Course outline

Week of	Chapter(s)	Topics
Sept 2nd		Introduction
Sept 4th	1	10 Principles
Sept 9th	2	Thinking like an Economist
Sept 11th	3	Interdependence and Gains from Trade
Sept 16th	4	Supply and Demand
Sept 18th	5	Measuring a Nation’s Income
Sept 23rd	5	Measuring a Nation’s Income
Sept 25th	6	Measuring the Cost of Living
Sept 30th	Review	
Oct 2nd	<b>Exam</b>	
Oct 7th	7	Production and Cost
Oct 9th	7	Production and Cost
Oct 14th	8	Savings, Investment, and the Financial System
Oct 16th	9	The Basic Tools of Finance
Oct 21st	10	Unemployment
Oct 23rd	10	Unemployment
Oct 28th	11	The Monetary System
Oct 30th	12	Money Growth and Inflation
Nov 4 <sup>th</sup>	Review	
Nov 6 <sup>th</sup>	<b>Exam</b>	
Nov 11 <sup>th</sup>	13	Open-Economy Macroeconomics: Basic Concepts
Nov 13 <sup>th</sup>	13	Open-Economy Macroeconomics: Basic Concepts
Nov 18 <sup>th</sup>	14	A Macroeconomic Theory of the Open Economy
Nov 20 <sup>th</sup>	15	Aggregate Demand and Aggregate Supply
Nov 25 <sup>th</sup>	15	Aggregate Demand and Aggregate Supply
Nov 27th	16	Influence of Monetary & Fiscal Policy on Aggregate Demand
Dec 2nd	17	Short-Run Trade-off between Inflation and Unemployment
Dec 4th	17	Short-Run Trade-off between Inflation and Unemployment
Dec 9th	18	Five Debates about Macroeconomic Policy
Dec 11th	18	Five Debates about Macroeconomic Policy
Dec 16th	Review	
Dec 18th	<b>FINAL EXAM</b>	

## General Education Goals and Rubrics

This course fulfills the General Education Distribution Requirement for graduation in the area of Social and Behavioral Science. While this course fulfills various competency requirements that are attained through general education, in particular it addresses the following competencies:

### A. Communication

Competency: Literacy – reading for understanding and effective communication.

Outcome: Students will become familiar with the language and tools of economics so they can apply the principles learned to national and international events.

### B. Reasoned Judgment

Competency: Analytical Skills – understanding how to produce and interpret quantitative and qualitative information.

Outcome: Students will find, retrieve and explain data; they will apply the language and tools to various economic issues.

### C. Social and Personal Responsibility

Competency: Global perspective: acquiring the knowledge and skills that provide an understanding of international/global issues and processes

Outcome: Students will understand the foundations of economic linkages among different countries.

Concepts such as exchange rates, the balance of payments, exports and imports within a macroeconomic framework will provide them with the tools to understand global issues and processes.

How well these competencies are attained will be evaluated through assignments, quizzes, examinations, and class participation. Tests involve multiple choice questions with definitions and problems, short answers, graphical and algebraic problems; homework assignments involving finding material from macroeconomic statistical sources, and applying material learnt in the class to such macroeconomic data.

The scoring rubric used to measure these competencies is given below. These will all be evaluated through written assignments as well as quizzes and examinations:

- **Communication:**

**Literacy: reading for understanding and effective communication.**

**Outcome: Students become familiar with the language and tools of economics so they can apply the principles learned to national and international events.**

Excellent – Student is able to define macroeconomic terms and use many of the more complex as well as all of the simple terms to describe and analyze macroeconomic events. Students can read, comprehend and write all terms that are presented in this principles class.

Good - Student is able to define macroeconomic terms and use much of the language to describe and analyze macroeconomic events. Students can read, comprehend and write most terms that are presented in this principles class.

Satisfactory – Student is able to use some macroeconomic terms and use some of them to describe macroeconomic events. Student correctly applies a majority of the terms to their proper use.

Unsatisfactory – Student shows poor understanding of terms and cannot use them

- **Reasoned Judgment:**

**Analytical Skills: understanding how to produce and interpret quantitative and qualitative information.**

**Outcome: Students understand what macroeconomic variables are, how they are measured, where they can be found, and how they can be used to study macroeconomic issues and problems.**

Excellent – Student understands the nature, location, use and importance of macroeconomic data. Understands how measurements are done and arguments for improvements in such data.

Good - Student understands the main arguments behind why the data is constructed in the manner that it is, where the data is located, and its use. Understands how measurements are done and knows some arguments for improvements in such data.

Satisfactory – Student understands the use of data and how important macroeconomic variables are measured.

Unsatisfactory – Student does not understand the nature and use of the data and is unable to use or measure it.

- **Social and Personal Responsibility:**

**Global perspective - acquiring the knowledge and skills that provide an understanding of international/global issues and processes**

**Outcome: Students will understand the foundations of economic linkages among different countries. Concepts such as exchange rates, the balance of payments, exports and imports within a macroeconomic framework will provide them with the tools to understand global issues and processes. The global perspective is integrated into every topic covered in the course.**

Excellent – Understands macroeconomic interdependence among countries through trade and capital flows. Understands the role of exchange rates and of government policy in influencing the interrelationships among countries. Understands how the Central Bank manages exchange rates.

Good - Student understands the basics of macroeconomic interdependence among countries. Understands the role of exchange rates in influencing trade and capital flows.

Satisfactory – Student understands the basics of macroeconomic interdependence among countries. The student may or may not understand how exchange rates may respond to trade or capitals flows and how Central Banks manage exchange rates.

Unsatisfactory – Student may understand some of the interdependence among countries but does not have a larger framework within this to grasp this and is confused about some of the interrelationships.