### PRINCIPLES OF MACROECONOMICS

R.G. STEINMAN  
ECON. 201  
T.A.:  

MWF 3:00-3:50  
Geol 121  
Office Hrs:  
Office: Econ. Bldg, Rm #5; Phone: 492-1665  

### READING ASSIGNMENTS - SPRING 1985


There is also required package of reading materials. I will let you know at which copy center you can pick it up.

Optional: The study guide to accompany *The Economy Today*, by (Ziegler and Lansey)

Explanation of Assignments: "Sch" - refers to your main text by Schiller. "Copy" refers to articles in the package of reading materials that you'll get at a copy center.

The assignment dates are not firm. They are approximations which can and probably will change.

<table>
<thead>
<tr>
<th>WEEK OF</th>
<th>TOPIC</th>
<th>ASSIGNMENT</th>
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| Jan. 23 | I. Introduction to Economics: What's it all about? | Sch: chp. 1 & appendix chp. 21  
Copy: Section I ("Economics as a Social Science", and Alternative Economic Philosophies") |
| Jan. 28 | II. Historical Perspective: Smith, Marx, Keynes, & Paradigm Changes | Copy: Section II ("The Evolution of Economic Systems" and Portraits of Smity, Marx & Keynes) |
| Feb. 1  | III. The Trend of Things in America  
Sch: chp. 17 (379-386)  
Sch: chp. 3(54-65)  
Sch: chp. 5  
Sch: chp. 6 |
Feb. 15
IV. The Nature of the Science Today
A. A Discussion of the Hypothesis
   Reread Sch: chp. 1
   Sch: chp. 2(49-51)
B. An Introduction to the
   Circular Flow
   Sch: chp. 2(29-34)

Feb. 20
V. An Overview of Pricing Theory:
   A. The Market
   Sch: chp. 2
   B. Limitations of the Market

Feb. 27
VI. National Income Accounting
    Sch: chp. 4

Mar. 11
VII. Classical Economics
    A. Discussion of the Foundations
    B. Inflation and Unemployment
       Copy: Sect. VII, VIII -
       the Inflation & Unemployment
       article. Read only Part I, classical/neo-
       classical.
    C. Policy Conclusions

Mar 15
VIII. KEYNESIAN MACROECONOMICS
    A. Historical Perspective
    B. Criticisms of Classical Theory
       Sch: chp. 7
    C. Income Determination
       Sch: chp. 8
    D. Inflationary & Recessionary
       (Deflationary) Gaps
       Sch: chp. 9
    E. Fiscal Policy Implications and
       the Complex Spending Multiplier
    F. Budget Deficits and the
       Balanced Budget
       Copy: Sect. VIII
       ("Reflections, on the
       Deficit")

SPRING BREAK: No Classes Monday, March 25 - Friday March 29.
   Class resumes: Monday, April 1, 1985

Apr 10
IX. Money
    A. Nature of Money
       Sch: chp. 10(221-228)
    B. The organization of the
       banking system
       Sch: chp. 11(241-244)
    C. The creation of money
       Sch: chp. 10(228-240)
Econ. 201

Apr 17 X. Monetary policy and macroeconomics
A. Tools of the FRS
Sch: chp. 11(244-260)
Copy: Sect. X ("How Federal Reserve Under Volcker Finally Slowed Down Inflation")

B. The Keynesian/Monetarist Debate
Sch: chp. 12

3rd MIDTERM TO FOLLOW THIS SECTION AROUND APRIL 22

Apr 24 XI. Contemporary Theories: Problems and Solutions
A. Stagflation
Sch: chp. 5 & 6
Copy: Sect. XI

B. Phillips Curve:
The structural sources of unemployment & inflation
and suggested solution
Copy: Sect. VII & VIII
The Inflation and Unemployment article, read parts III thru VIII

C. Supply Siders
Sch: chp. 13
D. Reaganomics
Sch: chp. 15

May 3 XII. Economic Theory vs. Economic Performance
A. Rules vs. Discretion
Sch: chp. 14
Copy: Sect. XII (Rules vs. discretion)
Copy: Sect. XII (rational expectations)

May 6 XIII. Cycles, Growth, and the Government Sector
Sch: chp. 17
Sch: chp. 3 (67-77)
Copy: Sect. XIII ("Growth and its Problems")

May 10 XIV. International Trade & International Finance
Sch: chp. 18
Sch: chp. 19
Copy: Sect. XIV ("Cracks in The Empire" & "Exchange Rates Explained")

Last Class May 15th, Wednesday

Friday - FINAL EXAM: (May 17th, 7:30-10:30 p.m.)
GOOD LUCK
GRADING POLICY

I. EXAMS
Exams count 80% of your total grade. They are broken down approximately as follows:

- 1st Midterm: 15% of exam grade
- 2nd Midterm: 20% of exam grade
- 3rd Midterm: 25% of exam grade
- Final: 40% of exam grade

If you miss an exam and do not have a legitimate excuse and let me or your TA know it, you will receive a zero.

If you miss an exam and have a legitimate excuse and let me or your TA know it, the weight of your final increases proportionately.

THERE WILL BE NO MAKE-UP EXAMS!

Your final is weighted about 40% IF the grade you receive on your final is equal to or lower than the average of your midterms.

Your final is weighted 80%, i.e., it will be your whole exam grade, if the grade you receive on it is higher than the average of your midterms AND you have done all the required assignments in the course (quizzes, homework).

II. RECITATION
Recitation will count 20% of your grade. This includes an objective element, the average of your quiz grades and homework assignments, and a subjective element, your attendance, your participation, your willingness to seek out help to learn more.

The recitation grade can pull you up or down if you are a borderline case. So it really can make a difference in many cases.

There will be 4 quizzes in recitation, and it is up to the discretion of your teaching assistant whether or not he/she will drop one and whether or not some will be take-home quizzes.