ECON 2020-100 -- Principles of Macroeconomics

Instructor: David Carr
Office: ECON 216
E-mail: carrd@spot.colorado.edu
Office Hours: M 10:00 - 10:50
W 8:30-8:50 and 10:00 - 11:20
or by appointment

Readings:
- Macroeconomics, 6th Ed. by Baumol & Blinder (B&B)
- Study Guide for Macroeconomics, by Swan -- (optional)
- Economic Report of the President, February, 1995 -- (optional)

Grading:

<table>
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<tr>
<th>Exam</th>
<th>Points</th>
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<tr>
<td>EXAM1</td>
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<td>EXAM2</td>
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<td>EXAM3</td>
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<td>Paper</td>
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<td>Recitation</td>
<td>100 pts.</td>
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<td>TOTAL</td>
<td>500 pts.</td>
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During the course, there will be three hour-long exams. The first two will be given during the semester, and the third will be given during the first hour of the final exam period. The last hour-and-a-half of the final exam period will be a cumulative final exam. This cumulative final exam is optional, and may be used to replace a low score on one of the previous exams. Of course, you may simply skip this exam altogether if you so desire. This exam cannot replace your term paper.

Your recitation grade will consist of quizzes and assignments determined by the TA's. They will make up 100 points of your final grade, or the equivalent of one exam.

You are required to write a 3-5 page paper, covering some macroeconomic topic of your choice. This paper must be typed, double-spaced with 1 inch margins on all sides. Your topic must be approved by Dave before October 1st (note that if you choose one of the topics below, you do not need to have your topic approved). The paper is due on Wednesday, November 22nd, by 5:00 PM. No late papers will be accepted. The paper must include some valid economic analysis -- not simply your personal opinions. You should use at least 5 sources, and include them in a bibliography (which does not count as one of the pages). These sources can be books (but not the textbook) and/or newspaper/magazine articles. Below are some possible paper topics:

1. The Republican's economic plan and its impacts on our economy. Why is the plan good/bad?
2. NAFTA -- why we should/shouldn't have passed it.
3. The importance of deficit reduction in our economy. What should we do?
4. The European common market -- what will it do for Europe and the world?
5. The importance of interest rates in the economy -- will they continue to rise and why?

***10 extra credit points will be awarded to everyone who sends Dave e-mail by Friday, September 15, at 11:59:59.99 PM. Details will be given during class.
Reading List

I. Introduction to economics and economic problems.
   --> Read (B&B) Ch. 3

II. Demand and Supply
    --> Read (B&B) Ch. 4
    * Adam Smith and the “invisible hand” of the market.
      See The Wealth of Nations, Book I, Ch. 5-7

     --> Read (B&B) Ch. 5

IV. Unemployment and Inflation.
    --> Read (B&B) Ch. 6

V. Income, Spending, and National Income Accounting
   --> Read (B&B) Ch. 7

VI. A simplified Macroeconomic model.
    --> Read (B&B) Ch. 8
    * John Maynard Keynes and the Marginal Efficiency of Capital -- One approach to measuring Investment. See
      The General Theory of Employment, Interest and Money, Ch. 11

VII. Aggregate Demand and the Keynesian Multiplier: A more complex Macroeconomic model
     --> Read (B&B) Ch. 9

VIII. Aggregate Supply and Macroeconomics
      --> Read (B&B) Ch. 10

IX. Fiscal Policy and Supply-Side Economics
    --> Read (B&B) Ch. 11

X. Money and Banking
   --> Read (B&B) Ch. 12

XI. Monetary Policy and Macroeconomics
    --> Read (B&B) Ch. 13-14
    * Milton Friedman and Monetarism. See “The Optimum Quantity of Money” in The Optimum Quantity of
      Money and Other Essays, or Capitalism and Freedom, both by Milton Friedman

XII. Budget Deficits and the National Debt: Fact and Fiction
     --> Read (B&B) Ch. 15

XIII. Inflation and Unemployment Revisited: The Phillips Curve
      --> Read (B&B) Ch. 16

XIV. International Trade and Comparative Advantage
     --> Read (B&B) Ch. 18
     * David Ricardo and the Law of Comparative Advantage. See The Principles of Political Economy and
       Taxation, Ch. 7, 28

XV. The International Monetary System and International Finance
    --> Read (B&B) Ch. 19

XVI. Economic Growth and Development
     --> Read (B&B) Ch. 21

* Those of you who are economics majors, or are considering majoring in economics, should eventually look at this
  additional material for a historical perspective.