



Bellarmino University  
W. Fielding Rubel School of Business  
Fall 2005  
Econ 112

**Principles of Macroeconomics**

Course Prerequisite: Econ 111  
Section R: TTh 1:40-2:55 pm; H-003

**Instructor:** Dr. Frank Raymond

**E-mail Address:** [fraymond@bellarmine.edu](mailto:fraymond@bellarmine.edu)

**Office Location:** H-012-I

**Office Phone:** 452-8487

**Office Hours:**

Mondays 12:00-1:00pm,

Tuesdays 12:00-1:30 pm,

Wednesdays 10:30 am – 2:30 pm,

Thursdays 12:00 pm – 1:30 pm, and by appointment.

**Required Materials:** *Economics, Private & Public Choice*, James D. Gwartney and Richard Stroup, 10<sup>th</sup> edition with Study Guide & DVD.

**Optional Materials:**

- *The Economist*, available in the library
- *The Wall Street Journal*, available in the library

I strongly encourage reading the *WSJ* regularly. See me for discounted student subscriptions.

**Course Description:** This course introduces the fundamental relationships in the macroeconomy. Possible causes of such aggregate problems as inflation and unemployment are addressed as well as possible solutions. Measures of macroeconomic activity are presented and their uses and limitations are discussed. How the concept of scarcity necessitates choice even for the public sector is examined. Applications of economic principles to current events are performed.

**Goals for Class:**

- This course satisfies the Thinking Skills, and Historical and Social Consciousness common educational experiences established by the University.
- This course meets the Economics and Political, Legal, Technical Social outcomes adopted by the Rubel School of Business which includes, but is not limited to coverage of the following macroeconomic objectives.
  1. This course introduces one to the concepts of National Accounts and Income Determination.
  2. This course introduces one to the concepts of Monetary and Fiscal Policy.
  3. This course introduces one to the Federal Reserve System.
  4. This course introduces one to the concepts of Employment, Inflation, and Growth

*The mission of the W. Fielding Rubel School of Business is to provide student centered, quality education in the Catholic liberal arts tradition at the undergraduate and master's levels. The Rubel School is enriched by the diverse intellectual perspectives inherent in the overall mission of Bellarmine University.*

**Academic Resource Center (ARC):** Students needing or wanting additional and/or specialized assistance related to study techniques, time management, tutoring, test-taking strategies, etc. should seek out the resources of the A.R.C. located on the A-level in the W.L. Lyons Brown Library. Call 502/452-8071 for more information.

**Disability/Accommodation Policy:** Students with disabilities who require accommodations (academic adjustments and/or auxiliary aids or services) for this course must contact the Disability Services Coordinator (Room 225 Horrigan Hall or phone 452-8150).

**Academic Honesty Policy:** Bellarmine students are expected to demonstrate a high standard of academic honesty in all aspects of their academic work and college life. Without intellectual integrity there can be no genuine learning. Academic dishonesty represents a direct attack on this integrity. In taking tests and examinations, completing homework and laboratory work, writing papers, and using information technology, students are expected to perform honestly. The University follows the policies outlined below for detected acts of academic dishonesty.

1. All cases of detected academic dishonesty will be reported by faculty to the Provost.
2. Plagiarism or cheating in any academic work will result in a recorded grade of "F" for that work
3. A second such offense during the course of a student's academic career at Bellarmine University will result in an "F" for the course in which the academic dishonesty has occurred. In addition, students who have committed a second offense of academic dishonesty during their academic career at Bellarmine University will be placed on academic probation for a minimum of one semester.
4. A third incidence of academic dishonesty during a student's academic career at Bellarmine University will result in immediate academic dismissal from the University.

**Bellarmino University Non-discrimination Policy:** Bellarmine University admits qualified students of any age, sex, sexual orientation, race, color, religion, and national and ethnic origin to all the rights, privileges, programs, and activities generally accorded or made available to students at the school. It does not discriminate on the basis of age, sex, sexual orientation, race, disability, color, religion, or national and ethnic origin in administration of its educational policies, admissions policies, scholarship and loan programs, and athletic and other school administered programs. Bellarmine University is an Affirmative Action-Equal Opportunity employer.

**Grading Scale:**

A+	=	4.0	For truly exceptional work; to be awarded rarely	B	=	3.0	Good
A	=	4.0	Excellent	B-	=	2.67	
A-	=	3.67		C+	=	2.33	
B+	=	3.33		C	=	2.0	Average
				D	=	1.0	Passing
				F	=	0.0	Failing

## Business Core Course Assessment Table:

AACSB Standards Met by Course:

*Ethical*  
*Global*  
*Political, legal, technical social*  
*Diversity*  
*Behavioral Science*  
*Economics*  
*Mathematics & Statistics*  
*Written/Oral Communication*

Supplemental Rubel School Objective:

### *Technology*

University Goals Also Met by Course  
 (from pages 48-50 of University catalogue):

*Commitment to the Pursuit of Virtue*  
*Scientific Knowledge*  
*Communications Skills*  
*Quantitative Literacy*  
*Thinking Skills*

Course	<i>Ethical Commitment to the Pursuit of Virtue</i>	<i>Global</i>	<i>Political, legal, technical &amp; social</i>	<i>Diversity</i>	<i>Accounting</i>	<i>Behavioral Science</i>	<i>Economics Thinking Skills</i>	<i>Mathematics &amp; Statistics Quantitative Literacy</i>	<i>Written or Oral Communication Communications Skills</i>	<i>Technology Scientific Knowledge</i>
	▲ ▲	▲	▲	▲	▲	▲	▲ ▲	▲ ▲	▲ ▲	▲ ▲
Acct 101					X					
Acct 102					X					
BA 103									X	X
BA 203	X		X							
BA301				X		X				
BA 305	X					X				
BA 315								X	X	
BA 345										X
BA 346 (Econ 410)								X		
Econ 410 (BA 346)								X		
Econ 111							X			
Econ 112			X				X			
Econ 405		X					X			

## INSTRUCTOR GUIDELINES

**Expectations for this Class:** Although most find this course particularly challenging, it also offers students the *opportunity* to learn how to assimilate information and critique macro policy and events. With dedication, one can begin with no prior knowledge of macroeconomics and finish with the ability to understand basic monetary and fiscal policy. In the end, it is hoped that you will begin to understand a bit more about the ramifications of changes in government spending, interest rates and the money supply.

**Attendance Policy:** There are no formal penalties for missing class but an understanding of the lecture material is necessary to successfully complete all assignments, especially the exams. If it is necessary to miss a class, it is your responsibility to obtain class notes and assignments.

***Perfect attendance is expected and regular attendance is crucial!*** From past experience I've seen that anything less than regular attendance will most definitely yield poor grades, since this course is based primarily on your class notes, occasional exercises from class discussions, and the homework problems. Professional and courteous conduct is expected at all times. Although questions are always encouraged, I specifically solicit questions concerning the homework problems at the start of every class. There are considerable positive externalities, for if you think of a question, I guarantee at least a few others will have the same one in mind.

**Keys to Success:** *You alone* are responsible for what you learn. To make the most of your *opportunity*:

1. ***Regular attendance is crucial!*** Come to every class. From past experience I've noticed that anything less than regular attendance will most definitely yield poor grades, since this course is based primarily on your class notes, occasional exercises from class discussions, and the homework problems. Although questions are always encouraged, I specifically solicit questions concerning exercises or homework problems at the start of every class. There are considerable positive externalities, for if you think of a question, I guarantee at least a few others will have the same one in mind.
2. Read the text *as we move through* the material.
3. ***CRUCIAL:*** *Complete all the homework exercises provided in class as we move through the material.* Work additional problems as necessary.
4. *Students are requested to ask questions about the homework during the opportunities presented in class.* Of course you may also ask questions during the opportunities presented outside of class.
5. Complete required assignments in a timely manner (late assignments will be penalized a minimum of 10%).
6. Study *six* or more hours for each exam, *after* you have attempted all homework problems. I suggest that you begin studying a week in advance.
7. ***Cheating:*** Students are expected to complete ALL assignments independently unless specifically directed otherwise by this instructor. Violating this mandate constitutes a violation of the University's Academic Honesty Policy. Cases will be immediately directed to the Provost.
8. Professional and courteous conduct is expected at all times. Students are expected to comply with the following rules of classroom behavior.
  - Cell phones are to be turned off and put out of site. (If a student expects an emergency call, they must notify me before class, and I will give them permission to have the phone turned on in class that day. However, that student is expected to sit at the chair nearest the door).

- There should be no off-task conversation or passing of notes. Students find stray conversations by neighbors particularly disruptive.
- Every student's ideas are to be respected.
- Students are expected to be in class and ready for class (books and notes open) at the designated class time. Occasionally, circumstances might occur which causes a student to be a few minutes late. I encourage students to go ahead and come into class quietly. However, if a student consistently comes in late, he will be asked to drop the class.
- Students should not pack their bags and put material away prior my dismissing the class. I expect to dismiss the class at the assigned time. However, in order to complete a problem or thought, I may have to go a minute or two over. On the other hand, I will also have days where I finish something a few minutes prior to class and not have time to complete a new problem or thought. On such occasions, I may let the class out one or two minutes early.
- If a student must leave early on a given day, they should notify me prior to class and try to sit at a chair near the door. As with coming to class late, if a student consistently leaves class early, he will be asked to drop the class.
- Technically, bringing in any food or drink into the classroom is a violation of Bellarmine University rules. If students leave food-trash on the table, the Bellarmine University rules will be strictly enforced.

Proposed Chronological Outline of Topics

Approximate Timing

**NOTE THE SLIGHT CHANGES IN ORDER AND PAGES INDICVATED BELOW!!!**

I.	Introduction, Begin Chapter 5	Week 1
II.	Market Failure and Government , Ch. 5, 6 (pp. 130-135, 138-144 and 147-149)	Week 2
III.	Macro Indicators, Ch. 7	Week 3
IV.	Economic Cycles, Unemployment and Inflation, Ch. 8	Weeks 4-5
V.	<i>Keynesian Model, Ch. 11 (pp. 253-264)</i>	Week 6-7
VI.	<b>Macro Finance, Ch. 9 and (p. 685-695)</b>	<b>Week 8</b>
VII.	<i>Short Run AD/AS, Ch. 9 (pp. 200-212)</i>	Week 9
VIII.	<i>Long Run Growth, Ch. 10 and pp. 370-384</i>	Weeks 10
IX.	Fiscal Policy, Ch. 12 (Omit from page 272, bottom, to page 276, top)	Weeks 11
X.	Money and Banking, Ch. 13 (pp. 291-309)	Week 12
XI.	Monetary Policy, Ch. 14 (pp. 325, middle, to 329, middle. pp. 336-342.)	Weeks 13
XII.	Stabilization Policy, Ch. 15 (Omit pp. 355, bottom, to 360, middle.)	Week 14-15
XIII.	Other Interests(time dependent)	Week 15

**Tentative Schedule of Assignments and Tests:**

**1. Class Participation:** New material is presented in the form of a class lecture. Applications to public policy are discussed as a group. Questions are always expected and are encouraged. I specifically solicit questions concerning the homework problems at the start of every class.

**2. Reading:** It is suggested that students read the chapters once before attending class, and again read them more thoroughly after seeing the material presented in class. Articles discussing applications are to be read thoroughly immediately after distribution.

**3. Homework:** You will be given several lengthy problem sets. Homework problems are applications from the lectures and old exam questions or problems. ***Timely completion of the homework problems is essential if one hopes to pass this course.*** Solutions will be distributed 5-7 days prior to each exam.

**4. (Unannounced) Pop-Quizzes:** These 10 minute quizzes will primarily be based on your homework problems. The number of quizzes tends to vary inversely with class participation. In the unlikely event I perceive is no need for pop-quizzes during the semester, I will award full points to each student when determining her final grade.

**5. Exams:** You will have three mid-semester exams and a cumulative final exam. The dates for the in-class mid-semester exams are **Thursdays: February 3 and March 3, and April 7.** The final exam is: **Thursday, May 3 @ 12 pm.**

It is very important that students take the time to correct each exam. This facilitates further understanding and provides a study guide for the final exam.

➤ Exam Rewrites: It is very important that students take the time to correct each exam. This facilitates further understanding and provides a study guide for the final exam. Additional points (equal to half of the points lost) will be added to the original score of the lowest-scored midterm exam that a given student chooses to rewrite. (Therefore, if you want to be absolutely certain that you will earn back half the points you lost on your worst exam, you will have to rewrite the first two midterm exams, and perhaps the third exam.) Two very important points to remember are:

- ***Each rewrite must include complete solutions to all exam questions (including the multiple choice questions and any responses marked correct).***
- ***Exam rewrites are due, without exception, at the start of class exactly one week after each set of mid-semester exams are returned. This rewrite option does not apply to the final exam.***

**6. Case Studies:** There are two such assignments. For the first assignment, I will assign the specific article. Work independently! For the second assignment, you are to find and analyze a primary source article of your choice by explicitly incorporating the economic tools and methodology developed in class. You may choose one of the topics offered below. If you have an alternative topic in mind you should check with me before you proceed. **Unless approved by me, please ensure that your article is no more than 18 months old.**

**Case Study Due Dates:** The first analysis, over an article supplied by me, is due Thursday, February 24 precisely at 12:15pm. The second analysis, over an original article you find, is due Thursday, April 21 precisely at 12:15pm.

➤ Mandatory Case Study Guidelines: Each of the two papers is to be no more than 2 pages in length (double spaced-minimum 10 point font), including diagrams, and contain:

- (i) an explanation of the economic problem you are investigating,

(ii) a well constructed argument applying some of the relevant analytic techniques learned in class, and

(iii) positive and normative conclusions.

(iv) Be very clear and concise, yet comprehensive!

*The idea is to pick an article concerning a narrow, but relevant, topic and do it well.*

*After you have located some sources, feel free to solicit my opinion on which might be most appropriate for this type of project.*

(v) The paper must be word-processed and include reference, footnotes, and relevant diagrams and/or tables. The reference must be placed directly below the title and your name on page one. Your analysis will begin below the reference.

1) Title of Your Analysis

2) Your Name

3) Reference Title and Author

4) Your Analysis

You will be graded according to three general criteria:

1) explicit incorporation of methodology and tools (usually graphs),

2) the quality and interpretation of the source, and

3) coherency (includes grammar!).

The diagrams and tools developed in class are essential for properly conveying your analysis. Thus, your grade mostly depends on your ability to apply these tools (the first criterion). **Please include a copy of your article, stapled to the back of your analysis.**

Suggested second case study topics include an economic analysis of any single article related to any of the following. Possible topics include macroeconomic issues involving the Asian financial crisis, Export Leading Economies of the Pacific Rim, the Mexican peso crisis of late 1994, or Russian and Former East Block Reorganization, etc.. In addition, possible policy topics include Tax legislation, Interest rates, Inflation, Fiscal Policy, Federal Reserve monetary policy, US Fiscal policy, the Great Depression, OPEC and the Oil Shocks of the 1970s, the stock market, and the effect of US fiscal and monetary policies on the global economy. Remember to write from an economist's perspective specifically using the tools we have studied. Choose respectable primary sources only! Examples: *The Wall Street Journal, The Economist, Chicago Tribune, Boston Globe, Washington Post, New York Times, U.S. News and World Report, National Review*, etc. - as well as any relevant pamphlets, or respectable internet sources you may find. All internet sources must be documented from publications with a stringent editorial process.

### Specific Grading Criteria:

Case Studies 14% each; Mid-semester Exams 14% each; Final Exam 25%, Pop-Quiz Average 5%, Professional and Courteous Conduct (S.D.I.) up to  $\pm$  5%. Percentage Conversions:

96-100: A+	92-95: A	88-91: A-	84-87: B+	80-83: B
76-79: B-	70-75: C+	64-69: C	52-63: D	< 52: F

**Academic Calendar:**

1/10-14	Drop/Add Period
1/14	Last day to apply for degree for May graduation & Last day to drop class
1/17	MLK Day
1/28	Last day to change from audit to credit, credit to audit, grade to pass/fail, or pass/fail to grade.
<i>2/3</i>	<i>Exam 1</i>
<i>2/24</i>	<i>First Case Study due</i>
<i>3/3</i>	<i>Exam 2</i>
3/7-11	Spring Break
3/18	Last day to withdraw from a course without "W".
3/23 (after 2pm) to	
3/28 (before 2pm)	Easter Break
<i>4/7</i>	<i>Exam 3</i>
<i>4/21</i>	<i>Second Case Study due</i>
<i>5/3</i>	<i>Final Exam, 12 pm</i>

**Late Work Policy:** Late case-studies will be penalized a half letter grade for each class that it is late, beginning at 12:16 pm on the due date. I do not give make-up quizzes of any sort. Excuses for missing an exam should be submitted before the exam in question. If something arises at the last minute, email or call my office. Excuses submitted after an exam will be much less convincing. If an exam is missed and I have not accepted your excuse (whether submitted before or after the exam), a score of "zero" will be assigned. For reasons related to fairness, propriety and time, I rarely offer written make-up exams for an excused absence. Typically, the percentage weight from the missed exam is added to the final exam. This may considerably increase the risk associated with your final grade. Unless I am provided explicit documentation of chronic illness or hardship, I will accept a maximum of one excuse per student in a given semester.

**Public Folder Information:** Relevant information will be addressed in class.