

Macroeconomics  
Economics 232 – 07 Honors  
Fall 2008

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Office Phone: 227-3762  
Office Hours: TR 1:30 PM — 3:00 PM  
W 11:00 AM — 5:00 PM  
Or by appointment  
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Web Page: <http://paws.wcu.edu/ullmer>  
Required Text: *Macroeconomics*, 17<sup>th</sup> edition, McConnell and Brue.  
Optional: *Study Guide for use with Macroeconomics*, 17<sup>th</sup> edition,  
McConnell, Brue and Walstad.

Important new website for Majors and Minors in Economics:  
[www.vanderbilt.edu/AEA/students](http://www.vanderbilt.edu/AEA/students)

Macroeconomics is an interesting and dynamic subject. To fully appreciate its importance, students should not only study the text, but should become familiar with publications such as the *Wall Street Journal* and *Barron's*. These publications and their websites are especially appropriate for dealing with current economic issues pertinent to the topics that we will be covering in class. Some of the topics that we will examine in class are: supply and demand, the national income accounts, unemployment, inflation, the national debt, business cycles, fiscal policy, money, the commercial banking system, the Federal Reserve System, monetary policy, and international trade.

“... [T]he ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood ... Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slave of some defunct economists. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back.”  
—John Maynard Keynes, *The General Theory of Employment, Interest and Money*, 1936.

**COURSE OBJECTIVES:**

- Develop an understanding of the fundamental problems associated with the business cycle—unemployment and inflation—and learn how to predict changes in the level, of economic activity.
- Develop an understanding of fundamental macroeconomic theory—especially as ensconced in the aggregate demand/aggregate supply framework—and the ability to use that apparatus as a backdrop for macroeconomic policy.
- Learn how appropriate fiscal and/or monetary policy can be implemented to achieve economic prosperity in the macroeconomy.

**ACCOMODATIONS FOR STUDENTS WITH DISABILITIES:** Western Carolina University is committed to providing equal educational opportunities for students with documented disabilities. Students who require disability services or reasonable accommodations must identify themselves as having a disability and provide current diagnostic documentation to Disability Services. All information is confidential. Please contact Disability Services for more information at (828) 227-2716 or 144 Killian Annex.

**COURSE EVALUATION:** Students will be able to—and should—evaluate the course for a 12 day period between the dates of November 10 – November 21 inclusive. Remember, you must use your Catamount Mail to access the system. If you have difficulty performing the course evaluation, contact Dr. Beth Tyson Lofquist, Associate Vice Chancellor for Academic Affairs at 227-7495 or [btyson@email.wcu.edu](mailto:btyson@email.wcu.edu), for assistance.

**ATTENDANCE POLICY:** Every student is expected to attend each class meeting. Students will find successful completion of the course to be much easier with regular attendance. Moreover, it is hoped that you will find the opportunity cost of non-attendance to be greater than the opportunity cost of attendance.

**ACADEMIC INTEGRITY:** Plagiarism, taking unethical shortcuts, and other forms of cheating will not be tolerated and will result in a failing grade for that assignment, test or (possibly) the course. Do not recycle other people’s work. Provide appropriate citations when you use the words or ideas of another. Strive to abide by both the letter and the spirit of University policy. Please refer to the Academic Honesty Policy section in the WCU Undergraduate Catalog and relevant section in the Student Handbook. If you have any questions, please ask me.

**EXAM POLICY:** Exams **MUST** be taken at the scheduled times. Make-up exams will be scheduled for university-authorized absences. The reason for the absence must be documented.

**GRADING:** The course grade will be determined on a cumulative total-point basis. Each exam and a Blog Project will be worth 30 points for a total of 150 points.

87.5% - 100%	A	131-150
75% - 87.4%	B	112-130
60% -74%	C	90-111
55% - 59%	D	82- 89
< 55%	F	<82

**BLOG PROJECT:** You will be required to post a thoughtful comment of between one and three paragraphs on one of the following approved economic blogs: Greg Mankiw's blog ([gregmankiww.blogspot.com/](http://gregmankiww.blogspot.com/)); Marginal Revolution ([www.marginalrevolution.com](http://www.marginalrevolution.com)); Econ Log ([econlog.econlib.org](http://econlog.econlib.org)). During the semester, you will be required to make comments on blog posts, each worth between one and five points for a total of 30 points. Point(s) will be deducted for late assignments. Supply me with a hard copy of each comment, as well as the post you are commenting about, on the following due dates:

Blog comment 1: October 7  
Blog comment 2: October 14  
Blog comment 3: October 21  
Blog comment 4: October 28  
Blog comment 5: November 6  
Blog comment 6: November 13

### **COURSE OUTLINE:**

#### **PART I**

Chapter 1: Limits, Alternatives, and Choices  
Chapter 3: Demand, Supply, and Market Equilibrium  
Chapter 4: The U.S. Economy: Private and Public sectors  
EXAM I: September 9

#### **PART II**

Chapter 6: Measuring Domestic Output and National Income  
Chapter 7: Introduction to Economic Growth and Instability  
Chapter 8: Basic Macroeconomic Relationships  
Chapter 9: The Aggregate Expenditures Model (pp. 167-172)  
EXAM II: October 2

#### **PART III**

Chapter 10: Aggregate Demand and Aggregate Supply  
Chapter 11: Fiscal Policy, Deficits, and Debt  
Chapter 12: Money and Banking  
EXAM III: November 6

#### **PART IV**

Chapter 13: Money Creation  
Chapter 14: Interest Rates and Monetary Policy  
Chapter 6: The United States in the Global Economy

FINAL EXAM: Monday, December 8, 12:00-2:30 PM

## Suggested Readings

- Busholtz, Todd G. 1988. *New Ideas from Dead Economists*. New York: Penguin.
- Canterberry, Ray. 1995. *The Literate Economist*. New York: Harper Collins.
- Friedman, Milton. 1982. *Capitalism and Freedom*. Chicago: University of Chicago Press [1962].
- Friedman, Milton. 1980. *Free to Choose*. New York: Harcourt, Brace, Jovanovich, Inc.
- Friedman, Milton and Schwartz, Anna Jacobsen. 1963. *A Monetary History of the United States, 1876-1960*. Princeton: Princeton University Press.
- Greider, William. 1987. *Secrets of the Temple*. New York: Simon and Schuster, Inc.
- Heilbroner, Robert L. 1992. *The Worldly Philosophers: The Lives, Times, and Ideas of the Great Economic Thinkers*, 6<sup>th</sup> edition. New York: Simon and Schuster, Inc. [1962].
- Heilbroner, Robert L. and Thurow, Lester C. 1987. *Economics Explained*. New York: Simon and Schuster, Inc. [1982].
- Keynes, John Maynard. 1964. *The General Theory of Employment, Interest and Money*. New York: Harcourt, Brace and Company [1936].
- Mayer, Martin. 2002. *The FED*. New York: Plume.
- Skidelsky, Robert. 1986. *John Maynard Keynes: Hopes Betrayed, 1883-1920*. New York: Penguin Books.
- Skidelsky, Robert. 1992. *John Maynard Keynes: The Economist as Savior, 1920-1937*. New York: Penguin Books.
- Skidelsky, Robert. 2001. *John Maynard Keynes: Fighting for Britain: 1937-1946*. New York: Penguin Books.
- Thurow, Lester. 1985. *Zero Sum Society: Building a World Class American Economy*. New York: Simon and Schuster, Inc.

## Serendipity Shelf

- Guralnick, Peter. 1994. *Last Train To Memphis*. Boston: Little, Brown and Company.
- Guralnick, Peter. 1999. *Careless Love*. Boston: Back Bay Books.
- Maraniss, David. 1999. *When Pride Still Mattered*. New York: Simon and Schuster.