

Economics 110
Spring 2012
Instructor: Pavel Kapinos
Email: pkapinos@carleton.edu
Course website: <http://www.people.carleton.edu/~pkapinos/pmac>

TuTh 1:15-3:00
Willis 203
Office: Willis 322
Office hours: Tu, We 3-5; appt

Syllabus for Principles of Macroeconomics:

Required Text: Taylor, J. and A. Weerapana. Principles of Macroeconomics, 7th ed. Houghton Mifflin.

Class: This course has several objectives: to provide the foundation for the further study of economics and to endow you with the basic apparatus for making economic decisions as savvy individuals and responsible citizens. We will start by developing a broad-based understanding of the questions that economists face and the analytical tools that they use to understand these questions. We will then shift our focus to macroeconomics. First, we will discuss macroeconomic performance in the long run and address issues pertaining to economic growth. Then we will discuss the evolution of an economy in the short run. We'll explain how business cycle fluctuations may arise and how policy-makers may mitigate their effects. We will close the course with a survey of issues related to financial markets and international economics.

Grading: Your course grade will be based on two midterms (20% and 25%), cumulative final (35%), weekly problem sets (10%), and class participation (10%). Complaints about apparent grading errors will be considered, but requests for "extra credit" or other special consideration in assigning grades must regrettably be ignored. Problem sets covering the material for a given week will be posted by midnight on Thursday of that week and will be due at the beginning of class the following Thursday. Exceptions to this rule will be problem sets that are due during Weeks 4, 8, and 10—they will be due on Tuesdays of that week. **Assignments that are turned in late will be penalized at the rate of 25% for every 6 hours past the deadline.** Midterm I will take place in class on Thursday, April 19; midterm II will take place in class on Thursday, May 17; the date for the final is to be determined.

Outline: This is a very rough synopsis of our agenda for the term. Note that all lecture notes will contain specific references to textbook materials. The course is divided into five unequal parts:

- I. **Economic Essentials:** This part of the course will cover the basic macroeconomic models and analytical techniques. We'll look at the circular flow and production possibilities frontier models and will spend some time figuring out how the forces of supply and demand work in the marketplace. (Chapters 1—5 of the textbook.)
- II. **Macroeconomy in the Long Run:** We will spend some time discussing how economies can use available resources to grow over time. We will study some stylized facts that characterize the long-term macroeconomic experience and will offer a theoretical explanation for these facts. The first writing assignment pertains to this part of the class. (Chapters 6, 8, 9, and 17).
- III. **Macroeconomy in the Short Run:** This section is the focal point of the course that sets up the framework for macroeconomic analysis and considers basic macroeconomic models, with an emphasis on the Aggregate Supply—Aggregate Demand framework, that provide good intuition for policy issues. The second writing assignment will test your ability to apply these models to the real-world issues. (Chapters 7, 10—15 of the textbook plus lecture notes.)
- IV. **Financial markets:** We will take a brief look at the basic pricing of financial assets and the role of financial markets in the macroeconomy. (Chapter 16.)
- V. **International Economics:** We will spend about a week talking about how what we've learned in the previous sections is pertinent to international trade and finance. (Chapters 18—19 of the textbook plus lecture notes)