

Econom

Introductor
Profess

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**Professor Office Hours: T:8:00-10:00am (BRB 3.162),
MW:9:00-10:00 (3rd Floor UTC - near windows overlooking 21st Street)**

Teaching Assistants:

Tuan Nguyen, office hours: 3-5pm Monday, 3:30-5:30 Tuesday

Lu Qian, office hours: 11:30am - 1:30pm Tuesday/Thursday

Sunjoo Hwang, office hours: 1:30-3:30pm Tuesday/Thursday.

Overview

This is an introductory course in macroeconomics structured to present and develop the usual topics of begins with a discussion of the nature of economics and of the variations in the kinds of capitalist econo of crisis and growth in this period. I provide an overview and analysis of the institutions and dynamics o 1960s, the rise of neoliberalism as a response and and the crises of various neoliberal strategies that en

After this historical overview - designed to both motivate and situate the study of economic theory - th study the long dominant Keynesian model of the macroeconomy with its emphasis on employment anc aggregate supply and demand models that highlight prices instead of employment, the surge of supply- among economists over the merits and problems of the various theoretical approaches. As this list migl prominent Keynesian consensus of the profession has been largely, but by no means entirely, replaced the various programs of the "welfare state" that have cushioned economic change for the poor and mic arguments mobilized by both sides and decide which ones make the most sense. The course design is a

Basically students are required to 1) understand and be able to explain various assigned texts, 2) under: views on the material covered and be able to articulate the reasoning behind their acceptance of some

Study Resources

The primary textbook for this course is Karl E. Case, Ray C. Fair and Sharon Oster, *Principles of Macroecon*

However, please note: as an examination of the course outline included below will reveal, we will not be to my own logic of dealing with the issues at hand. This is a skill you would do well to learn: how to apply through the material of the course, you should be constantly reorganizing what you are learning in way presentation, you will not be appropriating the material in any meaningful way. Your knowledge of it will

Moreover, the textbook is ridiculously expensive and while I do *recommend* that you obtain a copy for and in other assigned materials (generally made available through this webpage). Personally, I used, key course precisely because it served as a useful reference book, either for things I had "learned" and forgot than it is possible to cover in any one semester course.

It is highly recommended that you read and study the material assigned *before* attending the lectures covered provided below so that you will know what material will be covered when. Ad hoc additions or changes discuss the material among yourselves and/or with me. If you feel more comfortable asking questions to

Along with weekly lectures, you also have the possibility of making use of my office hours to ask questions resources available to you specifically designed for introductory economics courses.

Grading

Three tests at regular intervals. These tests will be mainly made up of essay questions that will include questions also contain questions over material discussed in lectures but not included in the text. (For this reason do not duplicate those in earlier tests, but they *are* cumulative in the sense that later material usually builds on the second third; the last test covers the last third and will be given during final exam week. The final score is $.333(\text{secondtestscore}) + .334(\text{thirdtestscore})$. The final distribution of averaged numerical grades will be based on can result in a higher letter grade than would otherwise be the case.

Course Outline(currently being revised)

Introduction

What is Economics?

Chapter 1: "The Scope and Method of Economics", Case & Fair, pp. 1-24.

Chapter 2: "The Economic Problem: Scarcity and Choice", Case & Fair, pp. 25-44.

Chapter 1: "The Definition of Economics", Cleaver's packet materials

Variations in Capitalist Economies

Chapter 3: "The Structure of the U.S. Economy: The Private, Public and International Sectors", Case & Fair

Chapter 22:"Economic Growth in Developing Nations", subsection 1 "Life in the Developing Nations: Poverty

Chapter 23: "Economies in Transition and Alternative Systems", Case & Fair, pp. 503-522.

Chapter 2: "The Economic Problem: Scarcity and Choice," section on economic systems. Case & Fair, pp

The Market

Chapter 4: "Demand, Supply, and Market Equilibrium", Case & Fair, pp. 67-95.

Chapter 5: "The Price System, Supply and Demand and Elasticity", Case & Fair, pp. 97-112.

Growth and Accumulation, a Theoretical and Historical Overview

Growth

Chapter 19: "Economic Growth", Case & Fair, pp. 403-410.

Chapter 2: "Growth", Cleaver's packet materials

Classical Economic Crises

Chapter 3: "Economic Crises Before the Great Depression", Cleaver's packet materials

Chapter 15: "The Labor Market, Unemployment and Inflation", sections on the classical view of the labor market

The Great Depression and Keynesianism

Chapter 4: "The Great Depression and the Keynesian Solution", Cleaver's packet materials

Keynesianism: The International Dimension

Chapter 21: "Open-Economy Macroeconomics: The Balance of Payments and Exchange Rates", appendix

FIRST TEST

Keynesian Macroeconomics

Income Determination, Private Sector

Chapter 18, "Debates in Macroeconomics" section on Keynesian economics, Case & Fair, pp. 385.

Chapter 9, "Aggregate Expenditure and Equilibrium Output", Case & Fair, pp. 1175-1198.

Chapter 17, "Household and Firm Behavior in the Macroeconomy", section on the Keynesian theory of income determination

Income Determination, Adding Government and the World

Chapter 10, "The Government and Fiscal Policy", Case & Fair, pp. 199-224.

Chapter 21: "Open-Economy Macroeconomics: The Balance of Payments and Exchange Rates", section on the Keynesian theory of income determination

Income Determination: Monetary Policy

Chapter 11: "The Supply of Money and the Federal Reserve System", Case & Fair, pp. 225-250.

Chapter 12: "The Demand for Money, the Equilibrium Interest Rate, and Monetary Policy", Case & Fair, pp. 251-280.

Chapter 13: "Money, the Interest Rate and National Income: Analysis and Policy", Case & Fair, pp. 273-2

Derivation of IS-LM Model

The Collapse of Keynesianism

Chapter 5: "The Crisis of the Keynesian Era", Cleaver's packet materials

Chapter 6: "Introduction to Macroeconomics", section on Macroeconomic concerns, Case & Fair, pp. 11

Chapter 8: "Macroeconomic Problems: Unemployment and Inflation", section on inflation, Case & Fair,

SECOND TEST

The Attack on "Inflation"

Chapter 15: "The Labor Market, Unemployment, and Inflation", Case & Fair, pp. 317-336.

Post-Keynesian Economics Aggregate Supply and Demand

Chapter 14: "Aggregate Demand, Aggregate Supply, and Inflation", Case & Fair, pp. 291-316.

Monetarism and New Classical Economics

Chapter 18: "Debates- in Macroeconomics", sections on Monetarism and New Classical Economics", Ca

Supply-side Economics, from Wages to Profits

Chapter 18: "Debates in Macroeconomics", section Supply-side economics", Case & Fair, pp. 395-399.

"Supply-Side Economics: Capitalist Strategy in the Crisis", Cleaver's packet materials

The Global Debt Crisis

Chapter 23: "Economic Growth in Developing Nations", section on Third World Debt, Case & Fair, pp. 49

Currency Crises of the 1990s

material to be provided

Review

No Final, Last Test during Exam Week

Microeconomics 304L (29415)
Fall 2010
Introduction to Macroeconomics
Professor Harry Cleaver

Syllabus

The course begins with a review of the field as elements in the analysis of the current economic crisis - both national and international. The course then examines the theories that "economics" studies. It continues with a brief examination of "the market" and what it means for growth in the post-W.W. II period, their breakdown in the 1960s and the spread of international crisis issues in the 1980s to the present.

The course turns to a detailed exploration of macroeconomic theory and its development over the last 50 years. It examines GDP output, its crisis in the late 1960s and early 1970s, the rise of monetarist alternatives, the elaboration of Keynesian and rational expectations economics during the first Reagan administration and the continuing debate. The evidence suggests, there is little consensus among economists over economic theory at this point in history. The course is informed by neoliberalism - a market worshipping ideology that has been wielded against labor, government regulation, and the middle class. On-going debates between neoliberals and neo-Keynesians require students to understand the course and to facilitate this process by putting the developments within an historical and political framework.

Students are expected to understand and be able to explain the lectures (which include critical commentary on the text) and 3) develop their own positions and their rejection of others.

The course uses *Principles of Economics*, Ninth Edition, Upper Saddle River: Prentice Hall, 2008 which is available in the usual places.

reading textbook material in the order of its own presentation. Instead, I assign material from the text appropriate material for your own uses and not simply follow others' logics - including mine. As you work you find concepts that make sense to you and fit in with what you already know. If you simply memorize book's material it will disappear soon after the last test and you will have largely wasted your time (and mine!).

the vast amount of information it obtains, most of what you will need to focus on will be presented in lecture and repeatedly reused - for many years - the introductory textbook that was assigned in my first econ course, or for things I never studied the first time around. Virtually all such textbooks contain far more material

on that material because lectures will be structured on the assumption that you have done so. A course schedule will be announced in class and on Blackboard. Blackboard also provides discussion forums - place where you can ask questions here rather than in class please feel free to do so, and to answer others' questions.

problems and discuss the material covered in the book or in class. The Learning Skills Center, in Jester A332, has

problems based on simple mathematical macro models such as those developed in the text and in class. (Regular class attendance is recommended.) The tests are not cumulative in the sense that questions in later tests are based on earlier material. There is no final exam. The first test covers the first third of the material; the second and third tests will be based on weighing each of the tests almost equally, i.e., final grade = $.333(\text{first test score}) + .333(\text{second test score}) + .333(\text{third test score})$ divided into letter grade categories. I take account of systematic improvement in test scores and some

air, pp. 45-66.

Population and Poverty", Case & Fair, pp. 482-484.

pp. 37-39.

or market and on sticky wages", Case & Fair , pp. 317-321.

ix on World Monetary Systems Since 1990, Case & Fair, pp. 449-454,476-479.

consumption", Case & Fair, p. 357.

on Equilibrium Output in an Open Economy, Case & Fair, pp. 454-459.

pp. 251-272.

290.

16-119.

pp. 155-168.

se & Fair, pp. 385395.

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