

**ECON 191-01**  
**Principles of Macroeconomics**  
**Dominican University Spring 2016-2017**  
**Lawrence Morgan**

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**Instructor:** Lawrence Morgan  
**Office:** Lewis 3A  
**Office telephone:** 1-708-524-6378. Mobile: 1-773-450-9804 (mobile is better)  
**Office hours:** By appointment. Also, I will usually be available in the library before class for 1 hour.  
**e-mail:** lmorgan@dom.edu

**Meeting times:** Monday-Wednesday-Friday 11:30 a.m. to 12:20 p.m.  
**Classroom:** Lewis 334

**Prerequisites:** None. However, skill in elementary algebra will be a great help.

**Text:** *Principles of Macroeconomics*, OpenStax College, based on Timothy Taylor's text of the same name.  
ISBN-10: 1938168259  
ISBN-13: 978-1-938168-25-3  
Revision: MA-1-001-RS  
NOTE: this text can be downloaded free of charge in PDF format from <http://cnx.org/content/col11626/latest>

from the preface to the text:

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**Other materials:** Calculator, colored pens, pencils, straightedge, etc., for graphing

**Course description:**

Macroeconomics looks for answers to questions about entire economies – the income and wealth of a nation, the level of employment in a population, the rate of inflation, the economic impact of governmental fiscal and monetary policies. This is distinct from microeconomics (or price theory), which studies individual entities (persons, families, firms, groups such as unions). Consequently, macroeconomics applies theory, economic models, and econometric techniques to learn what causes a nation's economy to expand or grow, what causes it to stop growing or even contract, what conditions will drive prices higher in an inflation, what will make wages increase or decrease.

**Course objectives/Expected learning outcomes:**

ECON 191 will cover national income accounting, the fundamental model of aggregate supply and aggregate demand, the influence of government through fiscal and monetary policy, economic growth, international trade and financial flows, and the balance of international

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payments. The theories will be presented largely through graphical analysis and elementary algebra.

The general objectives of the course are to describe these principles, to manipulate them graphically and algebraically, and thereby to estimate the effects of economic developments and policies.

Readings from the textbook and occasional supplementary material will be assigned daily, as well as small ungraded exercises to apply the readings. **READ THE READINGS AND COMPLETE THE EXERCISES!!** I don't expect the students to fully grasp the points of the readings but they won't do well on the frequent small quizzes if they have not prepared. Class meetings will be spent on clarifying concepts and working more extensive exercises and applications. Weekly graded homework assignments will present problems in which students will have to manipulate theoretical concepts graphically and numerically, and apply theory to actual economic situations. Tests and examinations will use the same kind of problems as homework assignments.

Upon completion of the course students will be able to:

1. Illustrate the major components of gross domestic product in national income and product accounts.
2. Distinguish nominal and real economic aggregates.
3. Describe the process of economic growth and the aggregate production function.
4. Show how employment and unemployment are measured, what they mean, and what causes changes in employment.
5. Explain the concept and measurement of inflation, including the construction of price indexes.
6. Explain the meaning of aggregate demand and aggregate supply; use aggregate demand and aggregate supply graphs to explain economic growth, employment, and inflation.
7. Explain the Keynesian and Neoclassical perspectives on macroeconomic theory and government policy.
8. Describe the process of money creation in the banking system, the function of central bank reserves, and the money multiplier.
9. Describe the structure and function of central banks, in particular the U.S. Federal Reserve System.
10. Illustrate graphically and numerically the process of monetary policy and its impact on economic production and growth.
11. Describe the process of fiscal policy and its impact on economic production and growth.
12. Describe the foreign exchange market and its function, the determination of foreign exchange rates.
13. Explain the meaning and construction of international balances (balance of trade, current account balance, balance of payments).

In addition, complete chapter-by-chapter objectives are listed on Canvas under the Modules for each chapter.

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**Assessment of student learning:**

- There will be two tests: a midterm at about 1/2 of the way through the term and the final examination. All tests and exams will cover all material covered to date. Tests missed for a satisfactory reason may be made up quickly at my convenience.
- Graded homework assignments about once per week; others as practice exercises, not for grading. There will also be occasional short graded quizzes through Canvas. Assignments submitted late without adequate reason (e.g. illness) will be reduced in score.
- Tests, examinations, and quizzes will use the same type of problems and deal with the same skills and concepts as homework assignments, exercises, and quizzes. If students do the homework correctly they will have no difficulty with tests and examinations.
- I will take attendance every class (more-or-less); it will be part of your grade.
- Grading policy: Points are assigned to all tests, quizzes and assignments according to this plan:

	<u>Weight</u>
Final examination	30%
Midterm examination	25%
Graded Assignments & Quizzes	35%
<u>Attendance/Participation</u>	<u>10%</u>
Total	100%

<u>Letter Grades</u>	<u>Percentage</u>
A	≥93.0
A-	90.0 – 92.999
B+	87.0 – 89.999
B	83.0 – 86.999
B-	80.0 – 82.999
C+	77.0 – 79.999
C	73.0 – 76.999
C-	70.0 – 72.999
D+	67.0 – 69.999
D	63.0 – 66.999
D-	60.0 – 62.999
F	≤ 60.0

**Instructional method:**

Heavy use of diagrams and exercises and PowerPoint slides to familiarize students with analytical tools, minimal mathematics (elementary algebra). Extensive use of in-class exercises to practice these skills. *To the extent possible class time will be for practice and clearing up problems; students are expected to have prepared in advance through reading and practice assignments.*

**Accommodations.** If you need any kind of special academic accommodations, please see the student handbook and Disability Support Services [here](#) and afterwards tell me what is needed.

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**Academic Integrity.** Any form of academic dishonesty—submitting anyone else’s work as your own or using anyone else’s words or ideas without proper acknowledgment—will result in a grade of F for that assignment and possible further sanctions. Click [here](#) for Dominican’s policy on academic integrity.

**Course Evaluations.** Toward the end of the semester you will be asked to complete an online course evaluation. This feedback is extremely important in helping me understand what worked and what didn't work, so I strongly encourage you to complete the evaluation!

**Planned course schedule:**

**ECON 191-01 SQ2016 - 2017 Planned Schedule**

<b>Week</b>	<b>Days</b>	<b>Topics</b>	<b>Text Readings</b>
1	WF 1/11 - 1/13	Economic thinking, models, systems	Chapter 1
2	WF 1/18 - 1/20 (MLK Day Mon)	Meaning of GDP; nominal & real measures	Chapter 6
3	MWF 1/23 - 1/27	Growth, productivity; the aggregate production function.	Chapter 7
4	MWF 1/30 - 2/3	Unemployment: measurement; patterns; causes	Chapter 8
5	MWF 2/6 - 2/10	Inflation: concept; index numbers; impact of inflation; indexation	Chapter 9
6	MWF 2/13 - 2/17	International trade & capital flows; trade & payments balances	Chapter 10
7	MWF 2/20 - 2/24	Foreign exchange market; international capital	Chapter 16
8	MWF 2/27 - 3/3	<b>Midterm review</b> <b>Midterm examination on material to date</b>	
9	Mid-Semester Vacation 3/6 - 3/10		
10	MWF 3/13 - 3/17	The aggregate demand/aggregate supply model	Chapter 11
11	MWF 3/20 - 3/24	The Keynesian perspective and the Neoclassical perspective on macroeconomics	Chapter 12, Chapter 13
12	MWF 3/27 - 3/31	The Keynesian perspective and the Neoclassical perspective on macroeconomics (cont) Government budgets & fiscal policy	Chapter 12, Chapter 13 Chapter 17, Appendix B
13	MWF 4/3 - 4/7	Government budgets & fiscal policy (cont)	Chapter 17, Appendix B
14	MWF 4/10 - 4/12 (No Friday)	Money & Banking -- measures of money -- banks -- reserves & the money multiplier	Chapter 14
15	MWF 4/17 - 4/21	Monetary policy and central banks (continued)	Chapter 15
16	MWF 4/24 - 4/28	Government borrowing <b>Semester Review</b>	Chapter 18, Appendix B
17	MWF 5/1 - 5/5 Finals Week	<b>Final Examination, entire course</b> <b>Wednesday 5/3 10:30 - 12:30</b>	